

# Government backs down in MI5 case

by Michael Evans, Whitehall Correspondent

The Government backed down yesterday in the MI5 court hearing in Sydney after legal advice and decided to show the judge, "for his eyes only", certain crucial sensitive documents, which the defence counsel claim are relevant to the case involving the former security service officer, Mr Peter Wright.

The documents, which include memos and letters between Sir Michael Havers, the Attorney General, and Sir Thomas Hetherington, the Director of Public Prosecutions, will be shown to Mr Justice Powell in the New South Wales Supreme Court today, to enable him to make a judgement on the Government's position.

The documents all refer to the decisions made by Government legal officers in 1981 not to serve injunctions to stop the publication of two books on MI5 by authors, Mr Chapman Pincher and Mr Nigel West.

In the Australian court, Mr Malcolm Turnbull, the defence counsel, has demanded to see the documents because he claims that the Government has been inconsistent in its attitude towards these earlier books and Mr Wright's book, *The Spy Catcher*.

After advice from Sir Michael Havers and Sir Patrick Mayhew, the Solicitor-General, the Government has decided to embark on a new legal argument, that these documents should not be made available to the defence counsel, on the grounds of "public interest immunity".

Government legal sources explained yesterday that this phrase covered not just matters of national security but also confidentiality and it was necessary for the judge to see the documents for himself.

One source said: "If he decides against us, then we will have to consider what step to make next."

According to sources, the documents to be shown to the judge contain certain elements that would damage national security if made public.

It has already been admitted that Sir Michael Havers made the decision not to serve an injunction to stop the publication of Mr Pincher's book, *The Trade is Treachery*, in 1981.

As *The Times* revealed yesterday, Sir Robert Armstrong, the Cabinet Secretary, wrote to the publishers of the book, *Sidgwick and Jackson*, three days before it was published.

lished to ask for copies to be sent to Mrs Thatcher.

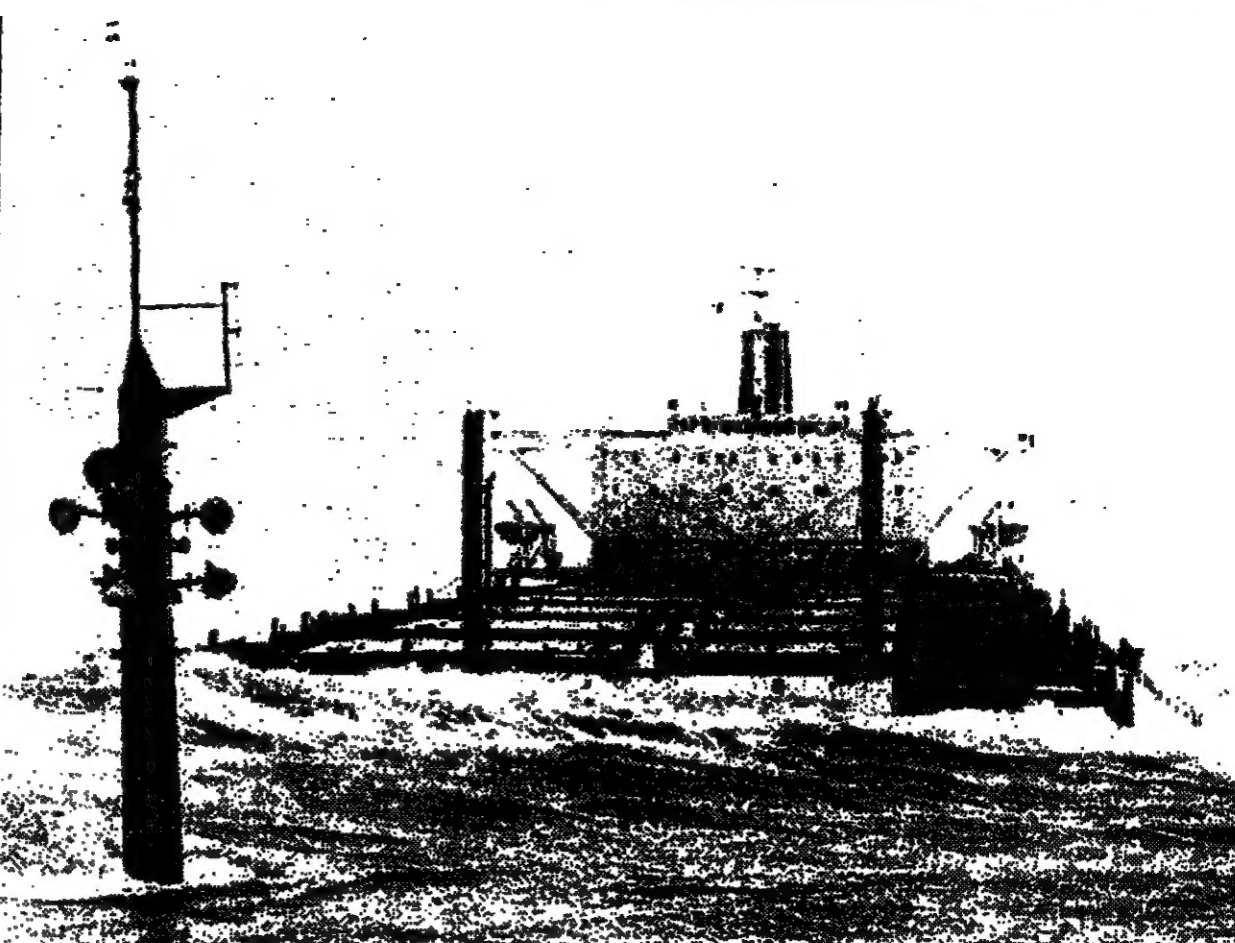
Sir Robert wrote in his letter to Mr William Armstrong, managing director of Sidgwick and Jackson: "I can understand your need and wish to protect the confidentiality of the book until publication date. I can assure you that, if you are able to comply with my request, that confidentiality will be strictly observed, that the copies will not go outside this office and the Prime Minister's office."

Apart from the sensitive documents to be shown to the judge, the Government has also decided that a few other ones can now be handed over to the defence counsel. They also relate to the decisions about the books by Mr Pincher and Mr West but do not contain anything which would damage national security.

The Government's case is that there are now three types of documents in the Wright affair: Those that are relevant but not sensitive and can be given to the defence counsel, those that are covered by legal professional privilege and those that the Government believe should be covered by public interest immunity.

Yesterday, Mr Turnbull said that one of the documents he wanted was the MI5 file on Mr Pincher, whom he claims was used by official sources to release sensitive information or was an agent of MI5.

Mr Pincher said yesterday he had never been a paid agent of MI5, although there was one occasion for about two months when a KGB officer was trying to recruit him, and he had an MI5 controller who he took out to lunch to tell him what had passed between them. "But I always paid for the lunch," he said.



Sinking below the waves: Only the forehead mast and superstructure of the stricken Kowloon Bridge remained above the water yesterday while the iron ore carrier was being pounded on the Stags Rocks off the west coast of Ireland.

## Sangster's trainer out after bad season

By Michael Seely

Mr Michael Dickinson, the most successful National Hunt trainer in recent years, has been sacked by Mr Robert Sangster, the owner and foot-pool pools millionaire, after a disastrous flat racing season when the stable had only four winners.

Mr Sangster last night described the break-up as "the end of a dream. You could say it was a personality clash, an irretrievable breakdown in relations. He and I just do not see eye to eye any more."

Mr Dickinson, aged 36, who in March 1983 trained the first five home in the Cheltenham Gold Cup, took over the lavish Manton stables in Wiltshire in 1984 to prepare to repeat his success on the flat.

But, after a year spent touring the world, including four trips to the United States, to examine training methods, 1986, his first year, was notably unsuccessful for Mr Dickinson and Mr Sangster, the leading owner for five of the last 10 years.

They had only four wins from more than 40 horses. Mr Dickinson, who had 40 two-year-old horses in the stable, needed at least one season to develop their ability and, in spite of numerous rumours and denials, it comes as a surprise to the racing world that he has been sacked so quickly.

Mr Sangster said earlier this year: "Michael's brilliant record speaks for itself. I am not worried about the trainer or establishment."

"I just want him to get the best horses - without the ammunition he cannot be expected to fire winning salvos."

But staff were also said to have been unhappy at Manton, which was run like an army camp with security guards and strict discipline.

Mr Dickinson worked his staff and himself incessantly and was trainer, estate manager and building manager, simultaneously, as he tried to produce a successful stable.

He has a meticulous attention to detail and a keen eye for detail.

## Tory attack on Thatcher's plan to cut food mountain

By Richard Evans, Political Correspondent

Mrs Margaret Thatcher's radical plan to rid the European Community of its £8.7 billion food mountains by taking farming land out of production was dismissed as a "costly nonsense" by an influential group of Conservative MPs at Westminster last night.

As disclosed in *The Times* yesterday, the Prime Minister will propose at an EEC summit in London next month that farmers in Britain and the rest of Europe should reduce the land they use for growing food by 20 per cent in an attempt to end the food surplus crisis, which is undermining the Common Agricultural Policy and is threatening to bankrupt the Community.

But on the eve of a Commons debate last night on next year's EEC budget, during which many Tories were planning to launch a savage attack on the Community's out of control spending and the CAP, the 71-strong Conservative European Reform Group said the "set aside" proposals would not cure the problems of overproduction.

After an emergency meeting of the group, the MPs said in a statement: "We regard such a scheme as a costly nonsense."

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## Barclays pull-out under attack

By Philip Webster and Richard Thomson

Conservative MPs yesterday launched a strong attack on the decision by Barclays Bank to pull out of South Africa, one of them calling it an act of moral and commercial cowardice.

As the opposition parties welcomed the move, the criticism from the Conservative backbenches went beyond those MPs who have been most vociferous in opposing economic sanctions.

Mr Teddy Taylor, MP for Southend East, suggested that people banking with Barclays should consider withdrawing their accounts in protest.

Barclays is the first big British company to divest its domestic South African business. It is set to realize a book loss of more than £40 million on the sale of its holding in Barclays National, the South African Bank.

Sir Timothy Bevan, Barclays's chairman, announced yesterday that the sale was worth £80 million. But exchange rate adjustments mean that the holding is valued at millions of pounds less than it was at the end of last year.

Barclays's holding in Barnat is being sold to the South African bank's other main shareholders - Anglo-American, De Beers and Southern Life Association.

Mr Michael Grylls, chairman of the backbench industry committee, said that it was a disappointing development because Barclays had a good record of encouraging

the training of blacks and encouraging black entrepreneurs through the banking system. "The anti-apartheid campaigners have shot themselves in the foot over this."

Mr Anthony Beaumont-Dark, MP for Birmingham Selly Oak, said: "The saddest thing is that a bank of Barclays distinction has allowed itself to be blackmailed by bullies. Those bullies will do more harm to the black population than anything else."

Mr John Carlisle, secretary of the all-party British-South Africa parliamentary group, said: "It bodes ill for the future of multi-racial society in South Africa."

Mr Taylor said it was an act of "appealing moral and commercial cowardice". He went on: "Those concerned about the future of South Africa and the ending of apartheid should now seriously think about removing their accounts from Barclays."

The Prime Minister was said yesterday to regard Barclays's decision as a commercial one. She may be pressed by Tory MPs in the Commons today to condemn it, but is unlikely to do so.

## Tomorrow

### Free my people



Released Soviet human rights campaigner Yuri Orlov argues that the West must make public and persistent its determination to link arms control progress to greater freedom in the Soviet Union

### Portfolio Gold

● The Times Portfolio Gold daily competition prize of £8,000, double the usual amount because no one won on Saturday, was shared yesterday by five readers. Details, page 3.  
● Portfolio list, page 33; how to play, information service, page 28.

## TIMES BUSINESS

### Profits double

News Corporation, the film, television and publishing group, which includes *The Times*, *The Sunday Times*, *News of the World* and the *Sun*, more than doubled pre-tax profits to £49.56 million in the quarter to September 30. Page 29

### What's in a name?

How much is a computer project manager worth? The title can be misleading. Computer Horizons, 19-21

## TIMES SPORT

### Council anger

John Smith, the chairman of the Sports Council, has broken with tradition and written a letter of complaint to Mrs Thatcher over the decision by the Government not to increase grants in line with inflation. Page 56

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## Whitehall ready to force football card

By Sheila Gunn, Political Staff

The Government is prepared to bring in legislation to force football clubs to allow entry to games by membership card only.

This is likely to be done by adding new powers to the Fire Safety and Safety of Places of Sport Bill, due to be introduced in the Commons early in December, which brings in the recommendations of the Poplewell Inquiry into the Bradford fire.

It is not yet decided whether the 100 per cent membership schemes should be run on a national basis or by the clubs.

The Prime Minister has been closely involved in the campaign to clean up English football since the Hays Stadium disaster in May 1985 and is believed to be the effect of hooliganism on England's reputation abroad.

Government ministers are known to be worried by recent riots outside stadiums in Shrewsbury, Darlington, Torquay and Middlesbrough.

They are also disappointed by the lack of adequate anti-hooligan measures by the Football League, which is campaigning strongly against compulsory membership which, it argues, could kill off professional football in England.

Much of the credit for better behaviour on the terraces is being attributed to installation of closed-circuit television at vulnerable grounds.

Mrs Thatcher, Mr Douglas Hurd, the Home Secretary, and Mr Richard Tracey, the Sports Minister, are said to feel strongly about the continuing threat to public order from football hooligans on public transport and in town centres which ties up thousands of police officers every week.

Officially the Government is still considering the League's report and talks are continuing between the two. But the League is proposing club schemes which will mean only 70 per cent of entrants will be members - so that casual spectators will not be barred.

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## Baker gets tough with the teachers

By Nicholas Wood Political Reporter

A trial of strength between the Government and the biggest and most militant of the teaching unions over pay was looking increasingly likely last night after Whitehall sources made it clear that Mr Kenneth Baker, the Secretary of State for Education and Science, is in no mood for substantial concessions.

He will spell out his position tomorrow at a meeting with Mr John Pearson, leader of the Labour-controlled local authority employers.

If, as expected, Mr Pearson stands by the Acs agreement signed by four of the six unions last Friday, Mr Baker is likely to go to Cabinet on Thursday and gain approval for imposing a settlement.

Such a move is fraught with legislative difficulties and will be bitterly opposed by the Opposition. Almost certainly, it will coincide with strikes in schools and strong action by the biggest union, the National Union of Teachers.

Yesterday, sources close to Mr Baker discounted reports that he was ready to make a counter offer.

Instead, he will ask Mr Pearson why the employers and the unions have not responded to his plea last week for them to "think again" and meet his criteria covering overall cost and differentials.

## Early birds in British Gas sale

The first completed applications for British Gas shares have started to arrive, although the prospectus was not published until today.

Almost a million copies of the mini prospectuses were delivered in Saturday's post to customers who had registered for the guaranteed allocation.

National Westminster, the leading receiving bank, said that more than 12 completed forms had been returned to its main London branch yesterday.

More than one million British Gas shares changed hands yesterday in the "grey" market, with a price of 61p quoted for the 50p partly-paid shares.

Meanwhile, the Stock Exchange said that eight City firms have so far registered to make a market in British Gas shares when dealings start on December 8.

Prospectus, pages 35-50  
Quick response, page 29  
Market report, page 31

## 28 years' jail for drugs boss

By Stewart Tandler Crime Reporter

One of Britain's biggest drug traffickers began a record 28-year prison sentence last night taking with him the secrets of the fortune he is thought to have earned leading a £200 million heroin ring.

Paul Dye was sentenced at the Central Criminal Court yesterday to 14 years apiece. He had made vast profits from an organization which shipped 40 to 50 kilos of heroin from Pakistan over two and a half years.

Judge Rant, QC, told Dye, a company director and former secondhand car salesman, that he was "devious, greedy and utterly unscrupulous".

The judge also fined him £200,000. Customs investigators believe that other money is buried in untraced Swiss bank accounts.

Full report, page 7

## Dial-a-debate could clear Commons backbench

By Martin Fletcher Political Reporter

The back benches of the House of Commons, already conspicuously empty during all but the most important debates, could in the future be practically bare.

Moves are afoot which would enable MPs to listen to debates from the comfort of their offices.

According to the minutes released yesterday of a private Sound Broadcasting Select Committee meeting in May, Sir Philip Goodhart, the committee chairman, has been authorized to discuss with British Telecom the possible introduction of what would amount to a Dial-a-Debate service, available to both MPs and the public.

The move comes in the wake of the committee's failure to secure backing for the idea of a system which would allow MPs alone to listen to debates from their offices through their internal telephones.

The proposal was put to the Commons Services Committee last February, and rejected on the casting vote of the chairman, Mr John Biffen, Leader of the House.

The members themselves were split between those who argued that such a system would empty the chamber still further, and those who argued that it would do the opposite by alerting MPs to interesting developments.

Sir Philip yesterday refused to disclose what progress he had made with British Telecom, merely advising *The Times* to "keep in touch".

It is understood, however, that considerable obstacles would have to be overcome before a Dial-a-debate system could be made available to the public.

At present any outside broadcast unit that wants to record all or part of a debate has to first get permission from the Sound Broadcasting Committee.

Were anyone able to record a debate, control on its uses would disappear and MPs might find their words of wisdom being regurgitated in such undesirable contexts as satirical television shows.

The question would arise of whether British Telecom, which would be making a profit from the service, should have to pay a fee either to the Commons itself, which provides the material, or to the BBC.

MPs are now informed of what is going on in the chamber through closed-circuit television screens.

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## NEWS SUMMARY

## Three held after PC falls to death

Detectives launched a murder inquiry yesterday after a police constable plunged 50 feet to his death as he struggled with a suspect at a block of flats in Stoke-on-Trent.

PC John Taylor, aged 26, smashed through a plate glass partition of a stairwell on the fifth floor of the flats as he grappled with the man.

PC Taylor, who married his wife, Angela, a woman police constable only a year ago, died from multiple injuries. It was revealed last night that his wife is expecting their first child early in the New Year.

Yesterday, detectives were waiting at the hospital to question the other man who fell. Two other men were arrested at the scene and are expected to be charged today.

## Wapping action call

Leaders of four print unions yesterday urged the powerful inner cabinet of the TUC, the Finance and General Purposes Committee, to conform to a decision taken by the annual conference in September and re-open disciplinary moves against the electricians' union whose members work for News International at Wapping.

The meeting, at which the union representatives said they were armed with "fresh evidence" about the role of the Electrical, Electronic Telecommunications and Plumbing Union in the dispute, came as the £58 million offer of termination payments to 5,140 former News International employees expired.

## Leyland cuts jobs

Leyland Vehicles are to make 100 of the 1,300 workers redundant at Mulpart, its parts operation plant at Chorley in Lancashire, by next February.

The company made a net loss of more than £100 million last year, and foreign demand, particularly from Africa, is continuing to fall.

Leyland Vehicles said that it was hoped that the redundancies would be mainly voluntary.

## Bamber appeal

Jeremy Bamber, aged 25, who was given five life sentences last month for the murder of five members of his family yesterday lodged notice of appeal against his convictions with the Court of Appeal in London.

The appeal papers alleged misdirection by Mr Justice Drake at the Chelmsford Crown Court trial. They will be considered by a High Court judge, sitting in private, who will decide whether an appeal is justified.

## Best's diaries

It was agreed in the High Court yesterday that £10,000 of the estimated £30,000 which George Best, aged 40, of Oakley Street, Chelsea, London, the former Manchester United and Northern Ireland football international, is to be paid by The Sun for his diaries should go to his trustee in bankruptcy.

## Women's sea plunge

Two women drove off a ferry linkspan into the sea despite being told that they had just missed a sailing, an inquest heard today.

The hearing at Ryde, on the Isle of Wight, was told that Mrs Ellen Bond, aged 42, and Mrs Deborah Emerson, aged 23, missed the departing car ferry, from Fishbourne, by between six and eight feet.

PC Kevin Guard said the women, both from Twickenham, south-west London, were told to wait for the next ferry. The inquest was adjourned until January 27.

## Labour law needs stability, CBI says

By Edward Townsend, Industrial Correspondent

The Confederation of British Industry has again openly criticized the proposed labour law reforms of the Opposition parties. There is nothing in Labour, Liberal or Social Democratic Party policies that give comfort to employers, it says.

In its latest employment affairs report, the CBI emphasizes the view of companies that a period of stability is most favoured, with no fresh legislation or rescinding of existing laws.

CBI leaders made it clear at their annual conference earlier this month that employers were united in particular against the Labour Party's proposals. Sir Terence Beck-

ett, the director general, said that a Labour Government would mean a return to "the slit trenches" of the 1970s.

The report says that Labour Party proposals would involve a radical shift in the balance of power in industrial relations.

The CBI is also worried about the SDP and Liberal parties' proposals to "institutionalize" worker involvement. Participation deals would have to conform to law and be ratified by an agency.

The report adds that the CBI has consistently endorsed the Government's step by step approach towards industrial relations legislation.

## Couple win 'hollow' island home victory

A couple won the right to live in their own home yesterday six years after they sold it when prosecuted for failing to leave (Our Legal Affairs Correspondent writes).

The European Court of Human Rights ruled that Guernsey's rigid housing laws had been too harshly applied on Mr Joseph Gillow and his wife Yvonne.

But the victory ruling against the Government was hollow: the court did not criticize the housing laws as such and the couple will only regain the residence qualifications they originally had.

The court also accepted a last-minute submission by the

Government that one of the Gillows' main claims could not be brought because the relevant protocol has never been applied to the Channel Islands.

The oversight, discovered by government lawyers in the past few weeks, means that the Gillows' claim that their right to respect for property has been violated cannot be brought.

Mr Gillow said: "We are relieved to get a ruling but disappointed that the court supported a law which is archaic and unfair." The court had in practical terms done "exactly what Guernsey

wanted" and would help no one, he said.

On the second claim, which has been found defective, he said that Britain was "in the business of denying people human rights."

Both claims had been upheld unanimously before the European Commission on Human Rights, before the technical loophole was spotted, and they would have won "hands down" if protocol one applied to the whole of Great Britain.

Mr Gillow said that he and his wife still had criminal convictions, and so far as many people in Guernsey were concerned, were treated as

"public enemy number one." He said that they would now consider if they wanted to return to Guernsey as licensed residents and spend the requisite number of years before they had permanent resident qualifications.

They would also consider compensation for the cost of bringing the case, which they have done alone, and for the sale of their house following their criminal prosecution for £33,000, which they claim was below the market price.

The couple moved to Guernsey in 1957 and built a house. In 1960, they went abroad because of Mr Gillow's job with the United Nations

and did not return for 20 years. During that time the housing law was changed and they lost their rights.

Yesterday the Home Office said that it was consulting with the Channel Islands and the Isle of Man to see if they wished that protocol one of the European Convention on Human Rights should be extended to them.

A spokesman said that it was "extremely unfortunate" that it had been discovered too late in the proceedings that the protocol did not cover Guernsey; but once discovered it had been the Government's duty to point it out to the court.

## Diplomat wins sex bias claim against FO

By Frances Gibb, Legal Affairs Correspondent

A woman diplomat who started legal proceedings for unlawful discrimination against the Foreign Office has won her claim that the ministry was wrong to deny her a High Commission post in Zambia because it was a "male-dominated society".

Mrs Sue Darling Rogerson's claim under the Sex Discrimination Act 1975 was brought after a decision by the Foreign Office last April to withdraw her proposed posting to Lusaka as deputy high commissioner in the political section.

The reason given, according to her solicitors, Bindmans, was that the second secretary was already a woman and that "an all-female political section would be operationally ineffective in the conditions of a male-dominated society, which the Foreign Office considered Zambia to be".

The job has since been given to a man. But in terms of settlement released yesterday the Foreign Office admits that while acting in good faith its decision to abandon Mrs Rogerson's proposed posting to Lusaka was mistaken and cannot be reconciled with the Sex Discrimination Act.

It expresses regret for "the distress suffered by her as a result of the abandonment of the posting to Lusaka" and is re-examining its procedures for posting officers abroad, in the light of the experience gained in the present case, to ensure breaches of the Act do not occur.

Last night, Mrs Rogerson, aged 44, who has since taken up the offer of a post of equal

grade as consul general in Perth, Western Australia, welcomed the settlement. "It is a very satisfactory and constructive outcome."

The terms of settlement state that Mrs Rogerson, who had backing from the Equal Opportunities Commission, accepts it was Foreign Office policy as an equal opportunity employer to develop the career of each member of the diplomatic service on the basis of individual merit irrespective of sex.

She also accepts it recognized it had an obligation to ensure her career did not suffer because of the decision not to post to Lusaka.

But both sides acknowledge that the employment provisions of the Sex Discrimination Act "may not be easy to apply to the special circumstances of the diplomatic service".

Miss Felicity Crowther, her solicitor, said that she believed the case was the first of a diplomat claiming unlawful discrimination. In general the Foreign Office was aware of its responsibilities and was not "inherently discriminatory".

But evidence from a number of people both in Zambia and in the United Kingdom demonstrated that it was "a forward looking society where women play an important role".

Woman were represented at Cabinet level to a greater extent than they were here, Miss Crowther said.

In view of the Foreign Office's admission of its "mistake", Mrs Rogerson is withdrawing her complaint to the industrial tribunal.

## Woolworth plans children's stores

By Alan Hamilton

The High Street shopping giant F W Woolworth is planning to open a chain of more than 100 stores catering specifically for children.

The shops, to be called Kids Store, will aim to sell everything required by a child, from clothes and confectionery to toys and prams, from birth to early teenage years.

Mr Malcolm Parkinson, Woolworth's chief executive, said yesterday that the first of the shops would open next Spring, and that all would be in town centre locations. At the moment the company is in the process of revamping its image.

Boots, another familiar retail name, is planning a simi-

lar chain under the name Children's World, but has opted for suburban superstore sites.

By offering a comprehensive range of merchandise, as well as attractions like restaurants and soda bars, Woolworth believes it can compete strongly with established names in that growing specialist market, such as Mothercare.

The shops will offer parents the chance fully to kit out their children all under one roof, Mr Parkinson said. The plan is part of an aggressive marketing strategy adopted by Woolworth after the company fought off a takeover bid from Dixons, the photographic group.



Dr Saleem Goolamali with some of the patients' files that form part of an ever-growing hospital waiting list (Photograph: Mark Pepper).

## Rest day goes to aid patients

By David Cross

"It's like the old Japanese trick of keeping plates in the air. You just juggle with patients to try to fit them all in," says Dr Saleem Goolamali, a consultant dermatologist at Northwick Park Hospital, in north-west London.

Yet as the waiting list for National Health patients with routine skin ailments in his hospital has grown longer and longer, he has come up with a novel idea to cut it at a stroke.

On Saturday, December 6, he and his team of doctors and nurses will forego a day's well-earned rest and fit in an extra 120 patients.

"Although I have already increased the number of weekly sessions at the hospital from four to six, this has not made a major impact on the waiting-list," he says. "So I thought 'Let's have a special

day when we see people with all the routine complaints - people with warts and those worried about losing their hair."

"These are not life and death cases but to the individuals concerned they are of great importance."

Dr Goolamali has agreed to work from 9am to 5pm on December 6 without pay. As a private consultant he could earn up to £40 for a single consultation in Harley Street.

"It is a gesture to the community to show that there are National Health consultants who will put themselves out to help non-urgent cases," he explains.

The other members of the team - four GPs with training in dermatology, four nurses and a registrar in the accident and emergency department -

will be paid for their services if they so desire.

There will also be a pharmacist on hand to give out prescriptions and the plan is that patients seen that day will not need to return for any follow-up treatment.

No extra ancillary staff will be required as the hospital is, in any case, open on Saturdays.

Dr Goolamali would like other specialists to follow his example. But he recognizes that dermatology is a special case. "We have a lot of routine cases which can be dealt with on the spot," he says. This is not the case with many other illnesses, he points out.

Yesterday Dr Goolamali dealt with 21 patients during his morning clinic and another 17 during the afternoon session.

## None for the road this Christmas

By Peter Evans, Home Affairs Correspondent

The Government launches its Christmas drink-drive campaign tomorrow with an uncompromising appeal: if you are going to drive, do not drink.

The campaign, to be initiated by Mr Peter Bottomley, Minister for Roads and Traffic, will be in marked contrast with a previous one which attracted criticism.

That showed a glass with drink at the bottom and urged drivers to "stay low". Critics thought it incited people to drink.

This time the message is unequivocally that drinking and driving is dangerous. It ties in with demands which will be made by a new alliance of concerned bodies, Action on Drinking and Driving, that Britain's 80mg limit be reduced to 50mg.

In a policy statement yesterday, the alliance said that most laboratory studies showed impairment occurred by 70mg, but others had shown it to happen at still lower levels, between 10mg and 40mg.

The alliance also wants fully random testing. Its chairman, Professor Brian Prichard, professor of clinical pharmacology at University College Hospital, London, said: "Every year the Government expresses concern about road safety by running a Christmas drinking campaign. Every year another 2,000 people die in drink-related road accidents."

"Random breath testing has been tried and tested abroad and shown to work."

Christmas shopping, page 7

## Child case judge tries informal approach

Counsel, court officials and ushers were ordered to remove all legal apparel yesterday, in an attempt to create a relaxed atmosphere at an indecency trial involving two girls aged seven and eight. (Our Legal Affairs Correspondent writes).

As lawyers left wigs and gowns outside, prison officers and police removed their tunics and Mr Justice McNeill stepped off the bench - minus wig and robe - and sat at a desk normally occupied by the clerk in the smallest of Cardiff's crown courts.

Minutes before the trial was due to start the defendant, a park keeper, aged 31, changed his plea to guilty but the judge requested that the jurors, nevertheless, be brought into court.

The judge told them: "You may have been surprised when you came into court to find yourselves expected to try a criminal case in an atmosphere that lacks the usual formalities of such proceedings."

"You may have heard of the public concern about young children in a case like this - nowadays called a form of child abuse - having to give evidence in circumstances of formality in a big public court."

"I decided, in this case, it would be right to put aside as much formality as possible."

He said the two little girls had been shown the empty courtroom a week ago and he had intended that they should have given their evidence alongside him.

The judge, referring to proposals for making changes in the law to allow children to be questioned in recorded interviews to be shown to the jury, said other countries were trying to see that children could give evidence in a more relaxed atmosphere.

He hoped the method he was adopting would be a useful contribution to public discussion on the matter.

The defendant, Derek Phillips of Ely, Cardiff, was sent to prison for seven years for what the judge described as a thoroughly disgusting series of offences.

## Call for physics teachers

By Our Education Reporter

Britain needs 2,500 more physics teachers immediately to alleviate growing shortages in the sciences, a conference on the crisis in higher education was told yesterday.

Professor Paul Black, the president of the Association of Science Education, was speaking to representatives from 51 universities, polytechnics and colleges.

The conference in London was in response to a consultative document issued by the Department of Education in the summer which highlighted the grave problems affecting schools.

A total of 359 vacancies existed in physics at the start of this year compared with 252 for 1982. In craft design and technology, the number of vacancies rose from 114 in 1982 to 201 at the start of the year.

The conference was told that many science teachers have no relevant qualifications. Professor Black said that 18 per cent of physics teachers now fell into that category. Fewer teachers led to poorer work in schools, declining numbers of science graduates, and hence even fewer teachers.

Sir Peter Swinnerton-Dyer, chairman of the University Grants Committee, said that the committee welcomed universities' efforts to encourage entrants to mathematics and physics courses. He was responding to fears that the committee might penalize institutions which considered lowering entry requirements in those subjects for prospective teachers.

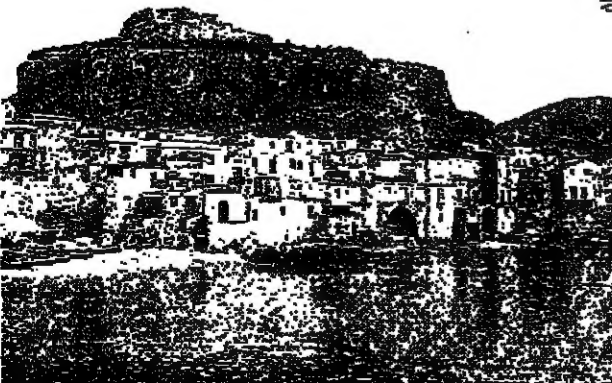
He said: "I want to make it clear that universities which act in this way will not be put at any disadvantage by doing so." He added that the committee, starting in the academic year 1987-88, would be setting aside £1 million a year for increasing the supply of science teachers in schools and would be inviting bids from the universities in the near future.

## Polly Toynbee

In our report on the Maxwell-Private Eye libel case on Saturday, November 22, we inadvertently named Polly Toynbee as one of a number of journalists who had written stories for Private Eye.

Miss Toynbee asks us to make clear that she has never at any time written for, or supplied information to, the magazine, and we apologize to her for the error.

British TV Times coverage: Canada: \$25; Argentina: \$45; Australia: \$25; Belgium: \$25; Brazil: \$25; Canada: \$25; Denmark: \$25; France: \$25; Germany: \$25; Greece: \$25; Holland: \$25; India: \$25; Ireland: \$25; Italy: \$25; Japan: \$25; Korea: \$25; Luxembourg: \$25; Malaysia: \$25; Mexico: \$25; New Zealand: \$25; Norway: \$25; Pakistan: \$25; Portugal: \$25; Singapore: \$25; South Africa: \$25; Sweden: \$25; Switzerland: \$25; Taiwan: \$25; Thailand: \$25; USA: \$25; Venezuela: \$25.



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## School breakfast attracts 200 pupils

By Mark Dowd  
Education Reporter

More than 200 pupils from Bracknell, Berkshire, were in a hurry to get to school early yesterday morning.

The magnetic attraction for students at Garth Hill Comprehensive was not algebra or even the sonnets of Shakespeare, but the launch of a new restaurant with the prospect of breakfast before their first academic engagements.

Mr Stanley Goodchild, the headmaster, who pioneered the new scheme, said that it was the first school in the county and possibly in the country, to offer breakfast before lessons.

Why was he pushing this nutrition revolution? Many parents these days go off to work early in the morning and leave their children to get their own breakfast.

More often than not, children don't bother and prefer to stop at the sweet shop on the way to school," he said.

During several previous years as an inspector, Mr Goodchild said he had concluded that schools often insulted pupils by both the presentation and content of the food they provided.

"A school needs to be run as a business, using business



Kevin Fowles, aged 14, getting a taste of the restaurant at Garth Hill Comprehensive.

techniques and that includes catering," he said.

The service had to be self-financing and hence the new restaurant, to pull in the numbers.

Garth Hill, which has 1,200 students in the 11-19 age bracket, already boasts a £200,000 industry-sponsored computer centre.

Anticipated demand for

breakfast meant that tickets for the 212 seats had to be distributed at the end of last week. They were snapped up within an hour.

A quick glance at the menu suggested healthy eating at a reasonable price.

No fried foods, wholemeal rolls, with a typical sort of petit déjeuner being poached eggs on toast with coffee.

"It's a really nice treat for us. It looks a bit like one of those burger bars," was the opinion of Lisa Bertell, aged 12.

Lee Bryant, a first former, thought it was "smashing". "It gives you a chance to chat to your friends instead of being out in the cold in the playground," he said.



# Shopkeepers deny selling solvents that killed boy, 14

Two shopkeepers were in court in London yesterday facing what was believed to be the first case under a new Act forbidding the sale of solvents to children aged under 18 knowing they were likely to inhale it.

Chandrakant Patel, aged 35, and Sureshbhai Patel, aged 23, both of St Stephen's Close, Southall, west London, denied the charges, which arose after the death of a boy aged 14 who inhaled and swallowed a type-writer correction fluid.

The two men were moved from the dock in Tower Bridge Magistrates' Court so that an interpreter could hear the spoken words of the first witness, Robert Walker, aged 12. He said he was with his friend, Lee Kendall, when Lee bought the fluid thinner in the Patels' shop only days before Lee died.

Mr Chandrakant Patel pleaded not guilty to supplying Lee with the fluid between July 27 and August 6 knowing that he was under 18 and having reasonable cause to believe he was likely to inhale it. "For the purpose of intoxication."

He denied a charge of supplying the boy with the fluid on August 6.

Mr Sureshbhai Patel, described as a relation, pleaded not guilty to supplying the fluid to Lee on August 4, with reasonable cause to believe he was likely to inhale it.

He also denied a charge that not being a British citizen, he disobeyed his permission to stay in the country, which expires next February, by entering into employment.

The solvent charges are brought under the Intoxicating Substances (Supply) Act 1985. A court official said it was understood it was the first prosecution before a court under the Act, which affects England and Wales.

Robert Walker said he and Lee went to the Patels' shop in Dunton Road, Southall, where Lee bought three bottles of the fluid.

Robert, of Conway Drive, Banbury, Oxfordshire, who said he was visiting his grandmother in Bermondsey, east London, at the time, described how he watched as Lee and "his mates" sat in the Spa Park near by and sniffed the fluid.

"They tried to get me to take it, but I would not take it," he said. "They were taking it. They were acting strange. They were like all wobbling. It went on for about 10 minutes."

He had returned from going to his grandmother's for lunch to find Lee and his friends sitting in an old hut sniffing the fluid, he said.

"I went and sat on one of the park benches. I waited half an hour and then Lee and his friend Crispin went to get some more fluid."

It was when they returned that he watched them "wobbling", Robert said.

Later that day after doing a shopping errand for Mrs Maria Kendall, Lee's mother, they were at Lee's home, and left after Lee had been upstairs to his bedroom.

"He had something under his jumper. He showed me: it was a red transistor radio. He had got it out of his bedroom," Robert said.

He said the shop was crowded but when most people had left the smaller of the two men in the shop said to

Lee: "What have you got for me today?"

Lee had replied: "I have got a good radio, it is good for listening to the cricket."

A price of £3 had been agreed, and the cash was handed to Lee who then "pretended to look around the shop before selecting three bottles of the fluid thinner, and also asked for a single cigarette."

"Lee put the fluid in his pocket and went round the corner and smoked the cigarette," Robert said.

Mr Lindsay Burn, for the prosecution, said one of the reasons why boys went to this particular shop, known as Terry's, was because they sold the fluid at 55p a bottle, which was cheaper than other shops in the area.

The fact that a transistor radio had been accepted effectively as payment for the three bottles bought on one occasion was "unusual", he added. A Walkman tape recorder had been taken to the shop on another occasion.

Mr Burn said it must have been apparent to both defendants that with Lee Kendall they were dealing with someone obviously under the age of 18.

Because of the quantities purchased, and exchanging goods for the fluid, the likelihood was that the boy wanted the product for inhalation and clearly did not want it for legitimate use, Mr Burn said.

On August 8 Lee Kendall died and the cause of death was the inhalation of the chemical from the fluid, Mr Burn said.

The hearing continues today.



Caroline Lewis, aged 12, from the Wallace Field School, Epsom, Surrey, rehearsing yesterday on her cornet for the Schools Proms. She is one of 1,200 young musicians playing this week at the Albert Hall, London (Photograph: Peter Trivnor).

## General Medical Council

### Jaffe juice 'highly addictive'

By Michael Horsnell

The drug used to make "Jaffe juice", a concoction with which a hypnotherapist allegedly injected a wealthy businessman up to five times a week, would have virtually turned him into an automaton.

That was alleged yesterday at a resumed General Medical Council disciplinary hearing in London where Dr Joseph Jaffe is accused of serious professional misconduct.

The hearing was told that the drug was so addictive it made a dog used for experiments with it put up its paw to ask for more.

The hearing, which was

adjourned in August, has been told that Dr Jaffe, a Manchester doctor, gave Mr George Waterson five years of drug treatment and hypnotherapy for which he paid up to £60,000 after being referred by his own doctor.

In that time Mr Waterson's bicycle business which had been making £800,000 a year was ruined. Dr Jaffe put in charge his own accountant who reduced the former owner's salary to £100 a week.

Dr Jaffe, a former mayor of Salford, allegedly treated Mr Waterson, aged 49, who was suffering from anxiety and depression over his family and

business affairs, with a barbiturate drug.

The drug, used by dentists and in hospitals as an initial anaesthetic, was described as addictive and potentially dangerous by Professor John Robinson, a consultant anaesthetist from West Midlands Health Authority, who has contributed to two medical papers on the drug.

Dr Jaffe, aged 60, denies five charges of serious professional misconduct relating to his treatment of Mr Waterson.

The hearing continues today.

### Solicitor is accused of stealing

Ian Wood, the solicitor who faces a double murder charge and one of attempted murder, was yesterday accused of stealing £84,800.

Mr Wood, aged 37, of Ughill Hall, Bradford, Sheffield, was remanded in custody for seven days by Sheffield Magistrates' Court.

He was accused of two charges of stealing.

Mr Wood has already been charged with the murders of Danielle Lloyd, his girl friend, and her daughter Stephanie, and the attempted murder of her son Christopher. Reporting restrictions were not lifted.



Mrs Phyllis Murray

## Portfolio Gold Artist draws a winner

Four readers share yesterday's Portfolio Gold prize of £8,000.

Mrs Phyllis Murray, aged 53, a part-time artist from Eastbourne, has played the Portfolio Gold game since it started in *The Times*.

"I am absolutely thrilled," she said. "I could not believe my luck. It is quite fantastic." She plans to spend most of her prize money on improvements to her new flat.

Mr George Benbow, aged 49, a schoolteacher from Upper Woolhampton, Reading, said he would spend his winnings on a new car.

Mr Allan Charlesworth, aged 61, a retired airline administrator, from Bellingham, Macclesfield, said he would spend some of the prize money on "household things" and invest the rest.

The other winner is Mrs Anne Preece, aged 30, the director of a medical clinic in Bournemouth.

Readers who wish to play the game can obtain a Portfolio Gold card by sending a stamped addressed envelope to: Portfolio Gold, The Times, PO Box 40, Blackburn, BB1 6AJ.

## Tug of love

### Father jailed for kidnapping girl

A father who kidnapped his daughter and flew her out of Britain in a tug-of-love custody case was jailed at Southwark Crown Court, south London, yesterday.

Her mother and her two brothers finally managed to snatch her back. But although the mother and her daughter, aged five, got away safely her two brothers were jailed and tortured in Egypt.

The Egyptian father had fled to Cairo with the girl after his wife, born in the Irish Republic, was given custody.

The father, an archaeologist aged 32, was jailed for 18 months, 14 of them suspended, after admitting abducting his daughter on February 18, 1985.

The court heard that when the couple's marriage of four years broke up the girl's mother, aged 32, was granted custody and the father was not allowed to see his daughter.

But the mother took pity on her former husband and let the child stay overnight with him at his home in Maida Vale, north-west London.

After three days she had not seen or heard from either him or her daughter and finally rang his parents' home in Cairo.

Mr Georges Khayat, for the prosecution, said: "She spoke to him and could hear her daughter in the background."

"The mother contacted an organization called Find A Child which funded her and her two brothers to snatch the child back."

They flew to Cairo and then carried out a carefully planned operation to reunite the girl and her mother.

The mother rang the bell of her former husband's parents' home in Cairo and screamed out her child's name.

A car, driven by a friend, was waiting outside with the engine running and when the daughter dashed out they picked her up and sped away.

They dumped the car and the mother hired a taxi and she and her daughter were driven across the desert to Israel, at a cost of £180.

Meanwhile her two brothers were set upon by her former husband's neighbours. Police were called and the two men were thrown in jail, strung up by their hands and whipped.

Finally they were thrown out of prison and made their way to the Irish Embassy which arranged for them to fly home.

When the child's father returned to Britain he went to Harrow Road police station in west London and asked for help to get his daughter back.

The officers knew he was a wanted man and arrested him on the spot, Mr Khayat said.

Mr Khayat told the court that the girl was living happily with her mother and had recovered from her ordeal.

Judge Anwyl-Davies, QC, told the father: "To invoke love as you did is entirely against the interests of the child."

He ordered that the girl should not be identified.

The court was told that in February last year the father was fined £150 for three offences of indecently exposing himself.

### Boy sentenced after £80,000 DHSS blaze

One of two boys aged 14 who admitted setting fire to the Department of Health and Social Security in Stanley Road, Liverpool, last March, causing £80,000 damage, was sentenced to two and a half years' detention yesterday.

Liverpool Crown Court was told by Mr Ian Trigger, for the prosecution, that the fire was started deliberately on the ground floor by people cutting up strips of card after breaking in through a fire door.

### Awards for nature work

Outstanding conservation achievements are to be recognized by a new national awards scheme, Mr Nicholas Ridley, Secretary of State for the Environment, announced yesterday.

Under the scheme, the Royal Society for the Protection of Birds Awards, sponsored by Esso UK, will honour contributions to wild bird and countryside conservation by individuals, industry and the media.

### Driver killed by falling tree

An elm tree blown down by a freak gust of wind, crushed a car killing Mr Anthony Marsh, aged 43, of Deans Farm, Wretton, Norfolk. His daughter, Emma, aged 10, was in hospital yesterday, seriously ill with head injuries.

Villagers in Methwold, Norfolk, worked with chainsaws to free them from the wreckage. The tree, one of an avenue on the B1106, was due to be cut down this week.

### 'Be detectives' parents urged

Parents have been urged to turn detective on their children by Mr Barry Price, Chief Constable of Cumbria, as part of a drug campaign.

Mr Price, who has promised an amnesty for young addicts reported by parents, said: "Searching a child's belongings is better than letting the dangerous habit continue."

### Diabetic to get award

Harry Pearson, aged 73, one of the first diabetics to be given insulin after its discovery in 1922, is to be given an award after injecting himself with the drug 38,000 times.

Mr Pearson of Darley Avenue, Madock, Derbyshire, will be presented with a medal by the British Diabetic Association.

### Youth accused

A teenager appeared before magistrates in Lowestoft, Suffolk, yesterday accused of abducting a woman aged 34 and her two sons, aged three and 11, at knife-point.

Steven Cyprus, aged 19, of the Fyffe Centre, Lowestoft, was remanded in custody for eight days charged with kidnapping and mischief.

### 'Jogging rapist' given 18-year jail sentences

Winston Messam was sentenced to 18 years in jail at the Central Criminal Court yesterday for four sex attacks on women in West London.

Judge Lowry said that Messam, of High Street, Acton, west London, had "inflicted grave emotional scars" on his victims, whose homes were selected as he jogged at night through residential areas.

Three of Messam's victims never went back to their homes, the judge said. One victim had gone abroad and another had been forced to change her job because of fear of being alone with strangers.

"Anyone who watched those women reliving their ordeal in the witness box realised there must be grave emotional scars inflicted on them. Each of their lives has been gravely affected by what you did," the judge said.

He added: "My main concern must be the public, and in particular women. There has been no sign of remorse and anyone who knows of this case is fearful of crimes you might commit in the future."

Messam, aged 20, was given an 18-year sentence for each of the four rapes. Judge Lowry directed the sentences to run concurrently.

Messam was also given a total of 10 years for burglaries, also to run concurrently.

The jury which convicted Messam were told he chose women who were cat lovers and who left their windows open.

His victims, aged between 24 and 45, were attacked between September 1984 and January this year. Judge Lowry said that Messam had begun the series of rapes when he was only 18. A skilful burglar, he selected targets while out training.

"You were not only looking for opportunities for theft, but diagnosing where there were defenceless women alone in their homes."

"All these were extremely grave aggravated crimes of rape: a woman alone in her home, surprised by an intruder. Each time you were masked to evade detection. In three cases you were armed with a knife."

The judge said that Messam stole from his victims and added to their fear and degradation by such comments as: "Are you enjoying it?"



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PARLIAMENT

# Oil and gas industries 'in great difficulty'

## OIL INDUSTRY

The oil industry was going through one of its most difficult periods since oil and gas were first discovered off Britain's coast. Mr. Alick Buchanan-Smith, Minister of State for Energy, said in moving the second reading of the Petroleum Bill. Despite these problems it was important not to become too obsessed with the immediate problems.

It was also necessary to look to the future of this industry and the challenges and problems it would have to face in the years ahead. The industry was still very much in business. New developments were still coming forward and he had considerable confidence of continuing activity for many years to come.

When more oil or gas was economically recoverable from a field the installations would still be in situ and it was necessary to make provision for what was to happen to them. This was the main matter tackled by the Bill.

The opportunity had also been taken to deal in the Bill with a number of other important issues.

Abandonment was not in any practical sense an immediate problem. It would probably not be until the early 1990s that the first installations or structures came to the end of their life and would have to be taken to remove it.

There were some 150 oil and gas installations on the United Kingdom continental shelf at present. As the industry would continue to develop for many decades to come that number would be likely to be added to over the years.

There was a wide variety of different installations to consider. Some were fairly small and lightweight while others were giant, particularly the huge steel and concrete structures placed in water depths of up to 185 metres.

The heavy ones were mainly in the northern North Sea. In the southern basin were the smaller structures, weighing as little as 300 tonnes.

Steel structures weighed up to 38,000 tonnes and the concrete ones, of which there were some 10 in the North Sea, weighed up to 650,000 tonnes.

"This does illustrate the scale of the challenge which the industry and the Government have to face and which we endeavour to address ourselves to in this Bill."

Costs of removal could involve huge sums of money. Estimates made in co-operation with the oil industry in 1984 had shown that, in broad terms, total removal of structures in place would cost around £6 billion, a very large sum indeed.

Deep water only contained a third of the structures yet it was estimated that it might involve more than three quarters of the total cost.

There was existing legislation which required the removal of structures in very general terms to the satisfaction of the Secretary of State. What was lacking under present legislation was any detailed framework to deal with the abandonment of platforms and installations.

There was no provision to set standards, to deal with submission and approval of removal plans, or to prevent default from removal obligations. The Bill sought to enable action in those general areas.

The interests of the oil companies, the taxpayer, the shipping industry and fishermen had to be taken into account and the Government had sought to strike a balance between them. Over the past year, a number of consultations had been undertaken.

They had to ensure that the Bill's provisions were consistent with international obligations. Certain obligations under the Geneva Convention of 1958 had been laid down when the

North Sea was not developed as it was now, and international law was not related to such structures.

The situation was evolving and would continue to do so while the Bill went through. That was one reason why the Government had chosen the flexible framework of the Bill. The Bill would control the safe and orderly abandonment of installations, but did not itself set standards. That would be done by regulations.

There had been some question about what international law at present required. The fishermen believed that it required total removal of installations no longer used, but that was not the Government's view.

The onus for removal of the installations rested with the owners, but using regulations made it easier to vary what was required, in the light of experience and of any changes in international law.

The Secretary of State would have power to draw up a programme for removal where the owner was unable or unwilling to do it, and could recover the costs incurred. The Government had a responsibility to ensure that the interests of the country and the taxpayer were protected.

He was aware that some oil companies believed that the provisions of the Bill were too severe. They would consider, with the oil companies, whether there was a better way of achieving the objective, but the objective itself was a fair one. One provision being considered was that there might be a common fund to which the oil companies would make the major contribution.

They had been discussing such proposals, but as no specific programme had been brought forward, the Government had introduced its own.

The Bill also dealt with the question of royalties, up-dating the royalty regime, and rationalizing procedures for royalty accounting and arbitration. It also provided an enabling power to allow repayment of royalties to make allowances for abandonment costs.

Power would also be given to the Secretary of State to prohibit the use or testing of any pipeline until specific steps had been taken by the owner of the pipeline to ensure that funds were available to discharge any liability for loss or damage.

Putting these matters on the statute book would provide the necessary legislative framework as well as concentrating the minds of everyone in the oil industry to ensure that funds were available to discharge any liability for loss or damage.

By a flexible approach, the Government would be able to react to changes in view, policies and decisions, particularly at international level, as they evolved over the years and the first abandonment became closer.

Mr. Edward Rowlands, an Opposition spokesman on energy, said that the Opposition welcomed the enormous and awesome implications of abandonment: technical, fiscal, financial, as well as the profound concern felt by many earning their living out of the North Sea.

The Opposition considered the search for a new internationally agreed set of standards and criteria, not only in relation to the North Sea but arising from major decisions made during the Law of the Sea Conference in 1982.

Abandonment involved not merely the installations, but vast tracts of pipeline on the seabed. That created an additional challenge.

There were about 6,000 installations scattered around the seas of the world, but the majority stood in waters less than 40 metres deep. Only 360, including 90 per cent of those on the United Kingdom continental shelf, stood in waters greater than 75 metres in depth, so it was right and responsible to address those problems as early as possible.



Mr Walker (left): Decision as soon as possible. Mr Goodlad: Meter trial promised. Mr Hunt: Investment level is justified.

## Investment in coal is queried

A Labour MP questioned changes in the accounting practice of the National Coal Board after the announcement of record levels of investment in the British coal industry by this Government during Commons questions.

Mr Alexander Eadie (Midlothian, Lab) asked whether there had been a change in accounting practice had been taken into consideration.

Mr David Hunt, Under-Secretary of State for Energy, said: "What he has failed to appreciate is that, even if you look at the total amount of investment under the previous Labour Administration, it is less than envisaged under (Labour's) Plan for Coal and considerably less in real terms than under this Administration."

We have seen a record level of investment which this Government believes is fully justified and which the last Government did not.

Earlier he told Mr Andrew Stewart (Shefford, C) that £5 billion had been invested in the coal industry since 1979, in real terms the rate of investment had been more than 35 per cent a year higher than under the previous Administration.

Mr Stewart said that the rate of investment had made the coal industry competitive. Would he deny the allegation that all that this Government had done had been to close collieries?

Mr Hunt said that he was correct. The miners' strike had lost nearly half a billion pounds in its costs, and the Government was aware of the potential investment. Under this Administration, and excluding the year of the miners' strike, there had been almost 30 per cent higher investment a year in real terms than under Labour.

Mr Ronald Davies (Carmarthen, Lab) asked if he would ensure that British miners had access to the best and most up-to-date mining equipment.

Mr Hunt said that he had seen in his visits to collieries some of the finest equipment and some of the finest miners in the world. Mr Peter Harby (Wentworth, Lab) said that investment in the coal industry in the past decade stemmed from the Plan for Coal for which the last Labour Government was responsible.

Would he make sure that there was further efforts to secure greater markets for British coal in Europe? Would he take steps to see that South African coal ceased to come into this country?

Mr Hunt: I am surprised he should mention the discredited Plan for Coal. Investment under this Government has been far higher in real terms than was ever envisaged under Plan for Coal.

Mr Ann Clywd (Cynon Valley, Lab) There have been four deaths in South Wales in the past financial year and there is an upward trend in reports of accidents. Increases in productivity are being achieved by unacceptable safety levels, to the danger of people working in the industry.

Mr Hunt: That is one of the most disgraceful insults I have heard in the House. It is an insult to all who work in the industry. Fit safety is always paramount.

## Walker will not commit himself on Sizewell

Mr Peter Walker, Secretary of State for Energy, refused to commit himself, despite several requests, to publish the Inspector's report on Sizewell before coming to a decision on whether or not to build a pressurized water reactor there.

He said that the Inspector, Sir Frank Layfield, expected to deliver the report at the end of this month or early next.

"I shall decide on the publication date when I have seen and considered it."

Mr David Henderson-Ansley (Welling, C) asked for an undertaking that there would be an urgent Commons debate into the situation in which projects were being held up by the inquiry having taken more than four years.

Mr Walker agreed that decisions must be reached as quickly as possible.

Mr Simon Hughes (Southwark and Bermondsey, L) suggested that if Mr Walker was so keen to privatize electricity supply, he should offer the private sector a PWR. He would then find that there was no economic case for it.

Mr Walker promised to consider the suggestion carefully.

Mr Anthony Speller (North Devon, C) asked whether it was likely that about fifty-fifty on the desirability or otherwise of the Sizewell project.

Mr Walker said that he was not in a position to say that. He was not a select committee of the House concerning the position of British Coal. They were perfectly reasonable comments for the chairman to express.

There were promising developments in remote metering technology for electricity users, Mr Alexander Goodlad, Under-Secretary of State for Energy, said during Commons questions.

The Electricity Council had received a report recently on a field trial of remote metering systems, he said, and as a result was now planning to proceed with the next stage of development which was expected to lead to the installation of a large-scale pilot scheme.

Mr Gerald Bowden (Dulwich, C) Does he recognize the benefits of which a remote metering scheme might have for a place such as London, where many people are not in when the meter reader calls?

Mr Goodlad: He is correct about the potential value of remote metering. He will be pleased to know it is intended that the proposed large-scale pilot scheme involving 200,000 homes will be in London.

## ENERGY

continuation of the nuclear industry. Will the minister undertake that we may first have a discussion before there is an answer?

Mr Walker: I have said that I wish to see and consider the report before making up my mind on those matters.

Mr Bernard Coslan (Gateshead East, Lab): The long delay has created havoc in the industry. It is imperative for him to make an early decision.

Mr Walker replied that there had been no way in which he could hasten the Inspector, although all the services he needed had been provided.

He told Mr Stanley Orme, chief Opposition spokesman on energy, that he wished to see the report before making a decision on its publication.

The discharge level from Sellafield into the Irish Sea was a much what it was in the year before the Conservative Government came to office in 1979. Mr Walker said during question time in the Commons.

Mr Dale Campbell-Savours (Wokingham, Lab): Not only is it down a tenth, but by 1991 the discharge into the marine environment from Sellafield will be almost zero, an important objective of every green organization with the United Kingdom.

British Nuclear Fuels in developing the Thorpe reprocessing plant will have spent £1,500 million by 1990 and created thousands of jobs.

Mr Walker said that his remarks showed the difference between those in the Opposition who knew what was going on and those who did not. "I am grateful to him for pointing out there will be further major reductions by 1990."

Mr Eric Heffer (Liverpool, Walton, Lab): People on Merseyside and in Ireland and Northern Ireland are very concerned about what is happening in the Irish Sea. There has to be something better than what is happening at the moment. The Irish Sea is becoming a nuclear wasteland (Conservative shouts of "Rubbish").

People on Merseyside are so scared of what is happening they are scared of going fishing in the sea. Mr Walker: I am surprised at his comments because he was a minister in the Department of Trade and Industry during the period when pollution in the Irish Sea was 10 times what it is at present.

Mr Heffer: I was not responsible for that.

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## Coal sell-off is not beyond possibility

The possibility of privatization in the coal industry could not be ruled out, Mr Peter Walker, Secretary of State for Energy, said during question time in the Commons.

His reply came during a question when Mr Peter Rose (Erewash, C) asked: When will British Coal management and miners be given the opportunity to follow British Gas employees in becoming shareholders in their enterprise as a reward for the excellent progress the industry has made in recent months and provide a further motivation for improved productivity and profitability in the industry?

Would he find Sid's brother and tell him?

Mr Walker: There are no plans for privatization. Those operating the National Coal Board and the miners have benefited from the improvements that have taken place.

Mr Roy Mason (Barnsley Central, Lab): In the proposed structural changes for British Coal, will he give an undertaking that none of the plans will enable the privatization of British Coal?

Mr Walker: I have always said to the House that of course I would not rule out the possibility of the privatization of coal; it would be absurd if I did.

Mr Geoffrey Lofthouse (Pontefract and Castleford, Lab): Does he support an increase in the private sector of the British coal industry?

Mr Walker: The arrangements that have taken place in deep mines and open cast mines have been practical and sensible and

have been to the benefit of the coal board and the industry. There is no problem so far as that is concerned.

Mr Stanley Orme (Salford East, Lab): Was Sir Robert Haslam (chairman of British Coal) speaking on his own behalf or the Government's when he spoke of privatization and preparing the industry for privatization?

Mr Walker: I have read what he said to a select committee of the House concerning the position of British Coal. They were perfectly reasonable comments for the chairman to express.

There were promising developments in remote metering technology for electricity users, Mr Alexander Goodlad, Under-Secretary of State for Energy, said during Commons questions.

The Electricity Council had received a report recently on a field trial of remote metering systems, he said, and as a result was now planning to proceed with the next stage of development which was expected to lead to the installation of a large-scale pilot scheme.

Mr Gerald Bowden (Dulwich, C) Does he recognize the benefits of which a remote metering scheme might have for a place such as London, where many people are not in when the meter reader calls?

Mr Goodlad: He is correct about the potential value of remote metering. He will be pleased to know it is intended that the proposed large-scale pilot scheme involving 200,000 homes will be in London.

## Attack on lobby system

The lobby system came under attack in the Commons from Labour MPs when Mr Dale Campbell-Savours (Wokingham, Lab) sought an emergency debate. The whole of the press was perplexed and at a loss to understand why Parliament could not discuss the M15 case taking place in Australia. Mr Campbell-Savours said: (Wokingham, Lab) said:

It was being said that while in medieval times kings debated the coinage today the Government was undermining the flag. The Government was abusing the Civil Service and Mr Bernard Ingham, the Downing Street press secretary, and Mr James Cox, his deputy, would do well to consider their position. A civil servant was being used not only to attack MPs but to scatter the seeds of division between the Prime Minister and the Attorney General. In a shabby betrayal of a Cabinet colleague the Prime Minister was inducing civil servants to attack the Attorney General, who was entrusted and guided by her in all his actions.

The Prime Minister was the head of Britain's security services. These decisions were her decisions and she could not deny her responsibility.

The trade of a Prime Minister who lacks the courage to admit failure and then uses the scalpel remorselessly to incite the reputation of a parliamentary friend and colleague of 25 years is one of treachery, he continued.

A courageous decision was needed from the Speaker.

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## Cumbersome Act used in papers move, Luce agrees

Mr Richard Luce, Minister for the Arts, told the Commons that Lord Justice Watkins, who had given judgment on the banning of News International publications from some public libraries, had said that the Public Libraries and Museums Act, 1964, involved "a cumbersome procedure which is wholly unsuited to meet the requirements of a reasonably swift resolution of the issue arising out of the ban."

Mr Luce said that he had started proceedings under this Act, but in July News International decided to take court action.

Mr John Cantrill (Woolwich, SDP) had said that the High Court judgment against three London boroughs made it clear that all the authorities that had banned News International publications in support of its workers' pickets in the organization's move to Wapping had acted illegally. Would Mr Luce confirm that he had statutory powers to uphold the law in these matters?

Mr Luce said that he had not followed the advice of the Libraries Association given in March and used his powers to require those authorities to drop the ban forthwith.

Earlier, Mr Luce said that following their successful High Court action against three London boroughs, News International had indicated that they might institute proceedings against the other English and Welsh authorities operating similar bans if these were not lifted quickly.

"I am watching the situation closely. Meanwhile, I note the news that 14 authorities have lifted the ban as a result of the High Court judgment."

He had written to the chairman of the Audit Commission drawing attention to the fact that the councillors of Camden, Ealing, and Hammersmith and Fulham had maintained their ban in defiance of what Lord Justice Watkins described as "impeccably sound advice" that they were acting unlawfully.

Mr Harry Greenway (Ealing North, C) said that it was outrageous and unacceptable for ratepayers of Ealing and other areas to have to pay the heavy legal costs of Labour councillors involved in this illegal ban against The Times and other News International publications.

"Should not those expenses be met by those councillors or from party funds, but not from ratepayers and taxpayers?"

Mr Luce said that he was sure that the councillors would be aware of the law and that this was surely not sensible.

Mr Luce said that there were important training schemes run by central Government and by individual Government departments to cope with these problems.

Mr Edward Taylor (Southend East, C) asked if the Rayner scrutinies would extend to services to the public. In particular, they should take a look at the unreasonable waiting times in DHSS offices.

Mr Luce said that he had touched on an important point. The purpose of the scrutinies was not just to achieve better value for money but also to ensure that they worked towards a better service to the public.

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## WAPPING

Mr Luce said that it was because of the reasons Mr Greenway had given that he had written to the chairman of the Audit Commission.

"It is open to any elector in a borough maintaining, or which has maintained, such a ban to make a formal objection to the district auditors on the conduct of the councillors involved."

Mr Eric Heffer (Liverpool, Walton, Lab): Whether it is legal or illegal it is not clear that many people who are councillors feel upset because Mr Luce has asked 6,000 workers without giving a damn about what happens to them?

Is it not clear also that Conservative MPs are hiding behind the law in order to carry out policies contrary to the interests of working people?

Mr Luce: He seems to ignore that these particular authorities have been found to have contravened the 1964 Act in withdrawing newspapers to make a political or industrial point.

If he believes in following the law he should support the decision which has been taken. Mr Anthony Grant (South West Cambridge, C) said that the Act did seem a somewhat cumbersome way to deal with this censorship problem. A simpler solution, in view of Mr Neil Kinnock's desire to improve the image of his party, would be for him to write to these loony councillors and tell them to behave themselves.

Mr Norman Buchan, an Opposition spokesman on the arts, said that the ban was a result of the lack of censorship can be say how frequently he had intervened with some of the Tory councils, particularly county councils, who had refused to carry out their full statutory duties in the provision of books in the libraries.

How many libraries in the home counties stock The Sun, or stock, say, Tribune or Labour Weekly? Had the minister tried to ensure that they did?

As the minister was responsible for the arts and culture, just what had The Sun contributed to human civilization? Mr Luce: I find it astonishing that he should not once say that this action by these authorities was unacceptable. Not once has he condemned their action, and this is what the country will note.

Mr Luce said that he was sure that the councillors would be aware of the law and that this was surely not sensible.

Mr Luce said that there were important training schemes run by central Government and by individual Government departments to cope with these problems.

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## Row over Militant candidate

By Philip Webster  
Chief Political Correspondent

Labour leaders are fighting to stop a Militant supporter being elected to the key committee which is to be in charge from the new year of moves to expel Militants from the party.

Mr Neil Kinnock and his colleagues are angry at the decision of the Transport and General Workers' Union, with its 1.25 million votes, to nominate Mr Alan Quinn to serve on the new 11-member National Constitutional Committee.

It was set up at the party conference in October to take the business of throwing out Militant Tendency supporters in the constituency parties away from the spotlight of the national executive committee.

Voting for the new committee finishes at the end of next month. Mr Ron Toff, leader of the TGWU, has been left in no doubt by Labour leaders that the election of Mr Quinn would not be welcome. Few of the other big unions are likely to back him.

## 'Loony left' dispute Cunningham strikes back at Tories

By Nicholas Wood  
Political Reporter

Mr John Cunningham, Labour's shadow Secretary of State for the Environment, hit back yesterday in the bitter political dogfight over "loony left" councils by accusing the Conservatives of resorting to the "big lie technique" to smear his party.

He said that the real enemies of good local government were the "extremists" in the Government — Mr Norman Tebbit, Mr Nicholas Ridley and Mr Nigel Lawson — responsible for cutting Whitehall grants by £17.7 billion since 1979 and so almost trebling rate bills.

The Tory Party chairman had mounted a "massive and scurrilous diversionary exercise" to distract attention from these losses and misdeeds — "unprecedented assault" on local democracy.

But the shadow environment secretary's rebuttal was undermined by an outspoken intervention by Mr Simon Hughes, the Liberal local government spokesman, who claimed that Labour was packing because its "halo was slipping" and its

"town hall tyrants" had been exposed.

"Jack Cunningham's counter-attack will cut no ice with those forced to live under the regime of such councils, nor will Neil Kinnock's attempt to pass them off as a handful of extremists. They are a widespread and deeply rooted symptom of the corruption brought about by the present electoral system."

Mr Cunningham's robust defence came after last week's onslaught in which the Secretary of State for the Environment likened Labour control of many town halls to "totalitarianism" rule by fear.



## Tribunal warning to employers over bias against Aids victims

By Thomson Prentice, Science Correspondent

The Government gave warning to employers yesterday not to discriminate against sufferers or carriers of acquired immune deficiency syndrome (Aids).

Ministers are worried that the inevitable spread of the disease could soon lead to many victims being treated as outcasts at work.

More than 400,000 employers are being sent a booklet which cautions them that they could be called before industrial tribunals for dismissing workers who have been exposed to the disease.

Refusing to hire a job applicant because of Aids risks would also be "unreasonable", according to the government advice.

Mr Kenneth Clarke, the Paymaster General and Minister for Employment, has told the employers that "unnecessary fears" about Aids could lead to "quite needless discrimination in the workplace".

That in turn could result in Aids carriers concealing their infection in offices or factories and not getting medical advice, he said.

"Shunning Aids carriers could drive this disease underground and help it spread

more rapidly," Mr Clarke said yesterday. "We are very anxious not to have people made outcasts at their place of work."

The booklet, *Aids and Employment*, has been issued because of government concern that discrimination could become widespread in the months and years ahead.

At least 30,000 people are believed to be infected and a third or more are likely to develop the disease in the next few years.

Almost all of them are likely to be of working age. The booklet, which is also being sent to general practitioners, employers' associations and trade unions, calls for better understanding of the risks of Aids infection.

The facts must be understood before someone at a workplace is thought to be infected, "by which time the climate is likely to have become emotionally charged", the booklet says.

"If employees refuse to work normally with an infected individual an employer would need to respond, as he would to other forms of industrial action, and seek a resolution through normal procedures."

"Dismissing individuals

who are infected, or thought to be infected, simply because of pressure from other employees would in many cases expose the employer to a claim for unfair dismissal," the booklet gives warning.

"There is generally no obligation on individuals to disclose their infection or to submit to medical tests for the virus. Anything which can be interpreted as an inquisition into an employee's personal life-style should be avoided."

The booklet says that there is no risk of Aids unless there is direct contact with blood, semen or other body fluids of infected individuals.

The National Children's Home charity said yesterday that 18 boy prostitutes infected with the Aids virus were deliberately spreading the infection in London.

The youths, identified in a voluntary screening exercise, were seeking revenge because most had been sexually abused as children, the charity said.

A special unit is being set up to treat the boys, who were adopting "a kind of destructive bravado, but were also terrified of dying so young," Mr David Pithers, the charity's director of child care studies, said.



Mr Clive Leach (left), Mr Cyril Filat (centre) and Mr Frank Brazier at work on the bomber (Photograph: John Rogers).

## Bomber R for Robert needs a nose

By Trudi McIntosh

The restoration of Wellington bomber N2980, R for Robert, recovered last year from Loch Ness, is well under way at Weybridge, Surrey, but for a nose.

The lower part of the aircraft's nose, which originally supported the forward gun turret, still lies buried in

two feet of mud at the bottom of the loch, where the aircraft ditched during a snow storm on New Year's Eve in 1940.

The Wellington project has only enough money for one more salvage attempt this month to recover the bomber's forward gun turret. A separate diving expedition is needed to raise the nose.

"Unless we find a benevolent millionaire or company sponsor to donate £5,000 by Christmas, the Wellington's nose will probably have to remain buried in the mud," Mr Robin Holmes, chairman of the Loch Ness Wellington Association, said.

Teams of volunteers at Brooklands Museum in Wey-

bridge, and companies throughout Britain are gradually restoring the airframe.

Mr Clive Leach, a former Royal Air Force pilot who flew Wellington bombers in the Middle East during the Second World War, estimates that it will take a decade to recreate the bomber.

## Nuclear reactors shut down by fault

Trouble has again hit Hinkley point nuclear power station, where three out of four reactors were out of action yesterday.

A "temporary fault" closed down the two reactors of its B station after a long-planned inspection had closed one at Hinkley point A.

The Central Electricity Generating Board emphasized: "There is no question of a radiological hazard," and added that there was no damage to the plant at Bridgwater Bay, Somerset.

The board said yesterday that it hoped one reactor could be working again within hours and another today.

The extra cost of generating replacement electricity was thought to be about £300,000. The cause of the B station shutdown was a fault in the instruments in the turbine hall affecting pressure valves in the boiler feedwater system.

Incidents which have led to questions about the plant's safety in the House of Commons have plagued Hinkley Point since the Magnox A station was built 25 years ago.

In August the B station was shut down for the fifth time in two months when a reactor was tripped out automatically by a safety circuit.

## Sister may hold clue to murder

By Angela Johnson

A woman police officer is waiting at the hospital bedside of a badly injured woman aged 80, to see if she can give detectives any clues as to who murdered her sister, aged 78.

Miss Ethel Stubbs was killed after being dragged from her bedroom and suffocated when a gang broke into her house in Albany Road, Waltham, south-east London.

Miss Dora Stubbs is in King's College Hospital, south-east London, with a broken nose, ribs, and injuries to her wrists. She is severely shocked but has already said that two white men were involved.

Two teenage girls may also be implicated. Police say they are members of a gang which has been preying on elderly people living alone in the area and may have been responsible for this attack.

The gang has carried out three aggravated burglaries on women aged 80, 85 and 90, all within a mile of each other recently. In all cases the women were gagged.

One victim aged 80, who is still in hospital, described one of her attackers as an attractive brunnette, aged about 18, who was wearing a black and white polka dot dress.

This latest incident occurred in the early hours of Saturday morning.

## Attacker at riots sentenced

Kuomba Balogun, a Bristol community leader, was given a suspended prison sentence yesterday for assaulting two police officers.

In September, police carried out a raid in the St Paul's area of the city. Two nights of rioting followed and Balogun, chairman of St Paul's Community Association, was arrested after trying to stop the police filming the disturbances.

Balogun was found guilty in October of assaulting the two officers. Yesterday, Bristol magistrates sentenced him to three months' imprisonment, suspended for two years.

## Jarrett son is remanded

The son of Mrs Cynthia Jarrett, whose death sparked off the riots in Tottenham, north London, appeared on remand at Bow Street Magistrates Court, London, yesterday.

Michael Jarrett, aged 22, a painter and decorator, of Thorpe Road, Tottenham, and Sarah Arif, aged 22, a receptionist, of Elsdon Road, Tottenham, are accused of attempted theft at Leicester Square Underground station on November 8. They were both remanded on bail until December 8.

## Militants accused of Stalinist tactics

By Peter Evans, Home Affairs Correspondent

The Militant leaders of Liverpool City Council were accused of "Stalinist tactics" against the city's black community in a report published yesterday.

The authors, the Liverpool Black Caucus, accuse Militant of character assassination, crushing of dissent and of concentrating enormous power in the hands of a few key figures, such as Mr Derek Hatton as "public figurehead".

They denounce "the control and manipulation by various gerrymandering devices of the party machine", whose meetings were increasingly described as Nuremberg rallies because of the intimidation and physical menace lying behind calls for "unanimity" in the "working class struggle".

The document is endorsed by the Roman Catholic Archbishop of Liverpool, the Most Rev Derek Worlock, and the Anglican Bishop of Liverpool, the Rt Rev David Sheppard in a joint foreword.

They say Black Caucus members render a great service by providing a well documented account of relationships with Liverpool City Council and of events which have been hidden from the public.

The caucus criticizes the "fixed" appointment of Mr Sampson Bond, a London building surveyor and Militant supporter, as the principal race relations adviser, although he had no experience of that work.

The authors say: "We have seen how Militant and their supporters began their frontal attack on Liverpool's black community at the special District Labour Party by the concerted vilification of 'violent', 'unrepresentative', 'criminal', and 'self-interested'."

"The unscrupulous willing-

ness of Labour's local leadership to use the repertoire of racist language and emotion in this way as part of their political project has been one of the most shameful aspects of this issue."

"It is this continual use of all the classical features of Stalinist politics that stand out in analysing the approach adopted by Militant to the black community in Liverpool."

The authors say: "The current Militant-dominated Labour leadership of Liverpool City Council have demonstrated their total indifference with their policies of malign neglect."

In retrospect it seemed an extraordinary decision by Labour's ruling inner circle to take the risk of embarking on such a struggle with the black community in Liverpool, they say.

But this short-sighted political approach of being determined to crush all political opposition at whatever cost and by whatever means necessary, however damaging or disreputable, has been the hallmark of Militant's period of office.

"Ultimately this greed for control and total power to be exercised by the inner circle of the ruling party alone, or by their trusted and proved creatures, proved their undoing."

After referring to the Liverpool violence of 1981 and the signs of further disorders in 1985, the authors continue: "If after all this, Liverpool's political leaders still cannot find the commitment to restore genuine dialogue with the black community - then there can be no prospect for peace in this city."

The church leaders say: "As far as we know the account of these events is a fair one. It merits widespread attention and whole-hearted response."

The report is published by the Runnymede Trust.

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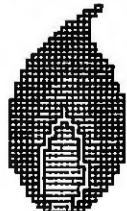
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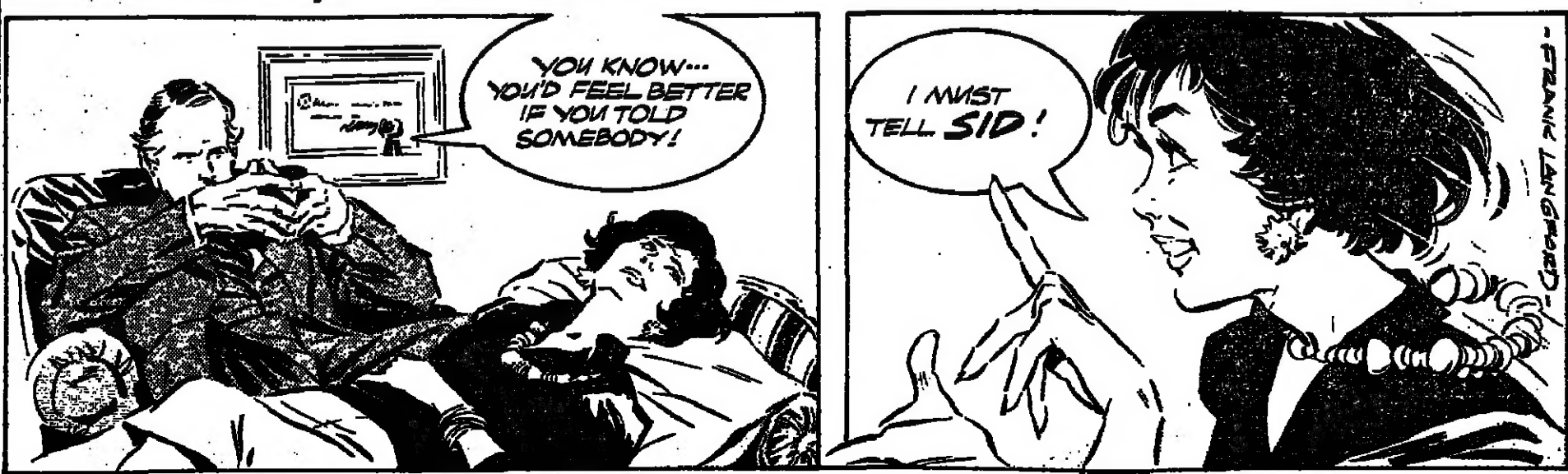


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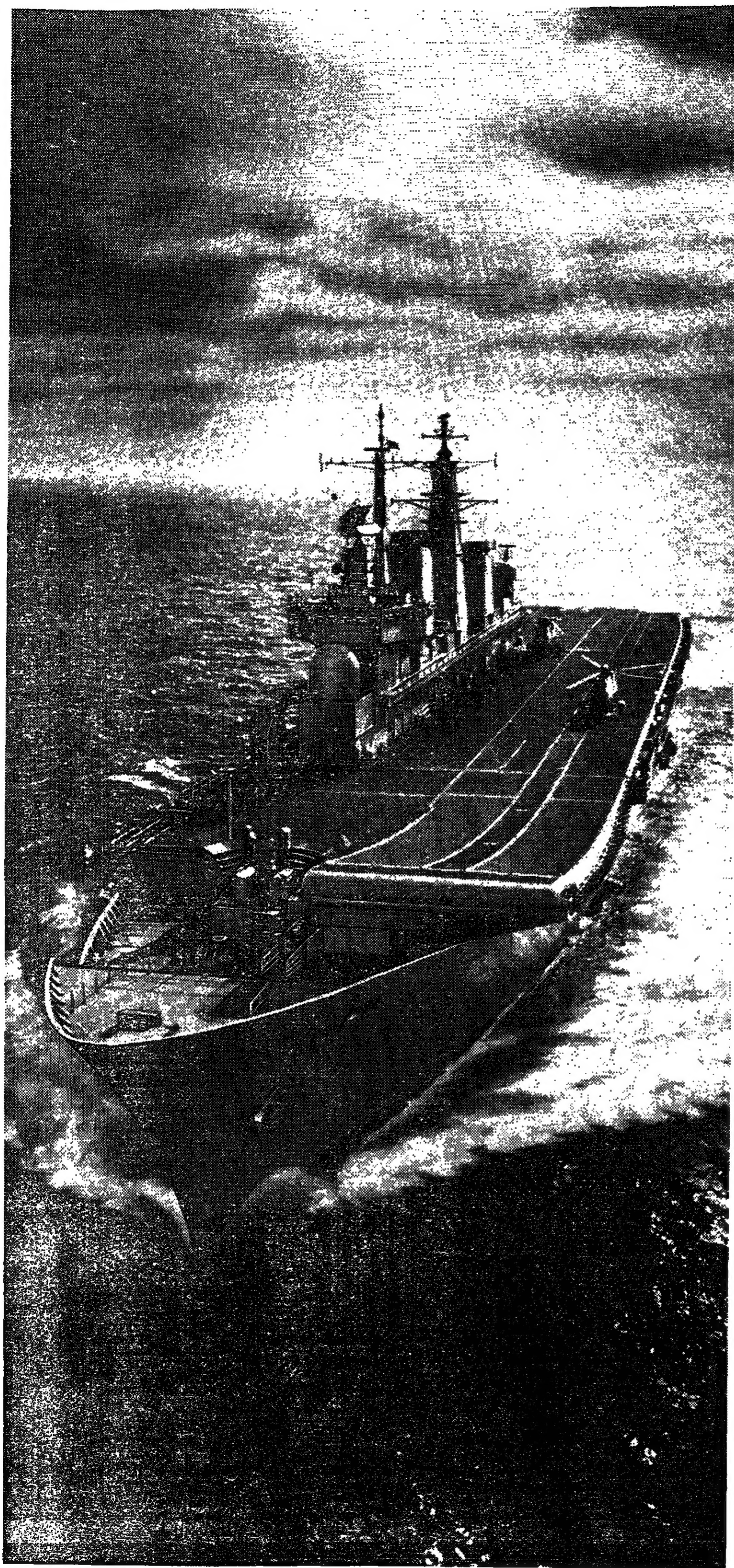
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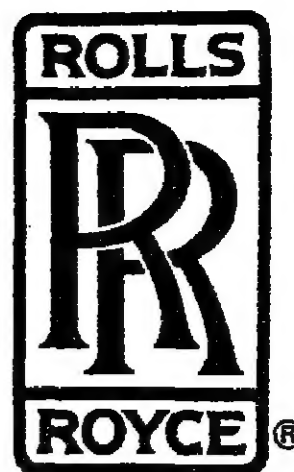


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 But we feel there may be some justi- by Rolls-Royce.  
 fication in granting her the above title. We're not only referring to the four  
 For virtually every major engine Olympus gas turbines that propel her

so effortlessly through  
 the waves.

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 on our unique Pegasus  
 engines to get them off  
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# Heroin-ring leader jailed for 28 years and fined £200,000

By Stewart Tessler, Crime Reporter

Paul Dye, head of a £200 million international heroin smuggling ring, was sentenced to a record 28-year prison sentence and £200,000 fine at the Central Criminal Court yesterday after conviction in one of the biggest customs investigations ever mounted.

He was found guilty with five members of his organization last Friday for their roles in a British drugs ring which smuggled between 40 and 50kg of heroin into the United States from Pakistan in gridles swapped in the transit lounges of Heathrow airport.

Yesterday the five received sentences ranging from seven to 17 years.

Judge Rant, QC, told the men their offences were "evil and callous in the extreme". Heroin was a scourge causing misery, degradation, crime and sometimes death.

It took little thought to realize what havoc had been caused by the men in the dock who had acted for money, the judge said.

The courts would make heroin-peddling worth not even the large profits available.

Passing sentence on Dye,

aged 42, a company director from Iwer, Buckinghamshire, the judge told him he was a "devious, greedy and utterly unscrupulous man". The judge said that if he had had the power Dye, a small-time crook who made millions from heroin, would have been given a life sentence without hesitation.

Dye received the longest sentence ever given in a British court for a drug offence. Convicted on three charges of conspiracy, he was given consecutive sentences made up of two 14-year sentences and a further four years.

If he fails to pay the fines he will serve another two years as well.

Dye and the others were arrested a month before the Criminal Justice Act took effect allowing for a life sentence for a drug offence.

Dye was fined £150,000, the value of his home, and £51,000 found in his safe.

The rest of his assets are thought to be still hidden in Switzerland or the United States.

Clive Williamson, aged 29, an electrician from Northolt, west London, was given sen-

tences adding up to 17 years in prison. Williamson, one of Dye's lieutenants, had acted as a courier and minder.

The judge said he was a "significant cog in the machine".

Peter Davies, aged 30, a bread salesman from north London, was given 12 years; David Millard, aged 37, unemployed, from Peterborough, was given 10 years; Paul Murphy, aged 30, unemployed, from north London, was given eight years; and Graham Ellis, aged 31, a meter reader, of Twickenham, south-west London, received seven years.

The six were convicted for taking part in an organization which operated for more than two years.

Dye began smuggling drugs in 1980 and built up his organization through friends, neighbours and contacts.

When customs officers struck last year for the first time they captured an entire drug organization stretching from the supplier in Pakistan to the main American dealers.

Four of Dye's recruits convicted in the United States were brought across the Atlantic to give evidence against him.



Mr Douglas Hurd, the Home Secretary, being driven around Parliament Square, London, yesterday in a 1901 Mors led by a man with a red flag. It is 90 years since Parliament abolished the warning procedure. Mr Jeffrey Rose, chairman of the RAC, was at the wheel and Mr Neil Thorne, MP, (left) chairman of the Commons motor club, and Lord Strathcarron, chairman of the Lords motor club, rode in the back (Photograph John Manning).

## BCal in legal fight over link-up plan to beat US rivals

By Harvey Elliott, Air Correspondent

Plans by British airlines to compete with their giant American rivals by linking up with other carriers in Europe, could be ruled illegal after a bitter legal battle being fought at the Civil Aviation Authority.

British Airways yesterday tried to prove that a deal between British Caledonian and Sabena, the Belgian flag carrier, to operate a joint daily service to Atlanta, Georgia, was based on a "misconception".

It argued that the service, which involves a Sabena 747 flying with joint crews from Brussels to Gatwick and on to Atlanta, was not a British operation and therefore could not be licensed by the CAA.

BCal should be removed from the licence which should be awarded to British Airways instead, it argued.

The CAA's decision, which could come before the end of the year could have significant impact on future operations of a similar kind.

For BCal, together with a number of airlines, believes that only by linking with other European carriers can it become sufficiently powerful to mount a counter-attack on the few large American airlines now threatening to dominate the Atlantic routes.

Mr Timothy Walker, QC,

for British Airways, argued that BCal was not using its licence to operate to Atlanta because the aircraft being used belonged to Sabena which was also legally responsible for all its passengers, including those picked up at Gatwick on BCal tickets.

His basic argument was accepted by the CAA panel, chaired by Mr Ray Colegate. "I have little difficulty in accepting British Airways' argument on the narrow point that BCal is not currently using its licence," Mr Colegate said. But he added that the panel would have to consider wider questions.

BCal is arguing strongly against the accusations and claims that British Airways is using "spoiling tactics fuelled by the arrogance of monopoly".

The hearing, which is scheduled to last for one more day but could be extended, is regarded as having great significance for future co-operative ventures in Europe and could even affect the way BA seeks links with other airlines on the Continent once it is privatized early next year.

● Air France yesterday announced a new service between Bristol and Paris, starting on January 5. It will operate five times a week, Monday to Friday.

### Christmas shopping: 2

## Children tempted by the £60 toy

The most coveted toys this Christmas seem to have one thing in common — a £59.99 price tag. Spend any less and you may risk resentful glances from disappointed young people.

The toy shops are still not sure what will be this year's equivalent of the BMX-bike, the home computer, the Cabbage Patch doll, and the Optimus Prime transformer, necessities of past Christmases probably now languishing in the attic or a corner cupboard.

Favourites so far this Christmas are talking bears of which no fewer than three — Teddy Ruxpin, Gabby Bear and Smarty Bear — are vying to catch the children's ear at £59.99 each.

Teddy Ruxpin is the veteran of the genre, Gabby Bear moves his mouth and eyes to give his conversation more expression, and Smarty Bear is computer-programmed with 16 different responses. Tickle him and he giggles.

There is a talking doll for little girls whose tastes do not run to teddy bears, mice or chatty. Her name is Baby Talk and her repertoire includes phrases such as "I love you" and "Feed me". Stick a bottle in her mouth and she makes sucking noises. She costs, of course, £59.99.

For children with less domestic preoccupations than baby-talking bears and dolls, there are radio-controlled cars. This year's most popular models are frame buggies with gears to cope with variable terrains and obstructions. On the road: £59.99.

People to whom such sums sound like Monopoly money will be pleased to know that the world's best-selling board game is still going strong this year, as is its veteran rival, Scrabble.

Trivial Pursuits, is now seeing its fifth Christmas, and among the newcomers the most fancied are a personality-

testing exercise called Scruples and a game named September, devised by the people who swept the board with Kensington a few years ago.

This year's essential stocking filler is Rubik Magic, successor to the infuriating Rubik Cube, 150 million of which have been sold round the world since 1977.

That second invention by Professor Erno Rubik, the Hungarian puzzle-master, consists of eight flat panels of plastic connected by an ingenious series of hinges.

The object of the game is to rearrange the graphics on the panels into three interlocking rings. The panels are hinged for Matchbox Toys by nimble Chinese fingers in a factory in Canton, and will almost certainly unhinge Western minds.

Matchbox's estimates for Rubik Magic sales this year have leapt from five million to 10 million by Christmas. "Retailers have just gone crazy for it, and the workforce in Canton has been increased from 2,000 to 3,000 to keep pace," it said.

The rush to buy Christmas gifts and goodies is about to begin in earnest, though retailers say that the wet weather has caused a late start.

The 21 stores in the John Lewis Partnership reported that sales in the week which ended November 15 were 8.8 per cent up on the equivalent week last year.

The Financial Times-Confederation of British Industry survey of trends in the distributive trades suggests a 6 per cent increase in volume sales overall for the year. Christmas shoppers will have to get their skates on soon.

Continued

## Print men freed after court plea

Two print workers who were jailed for six months for attacking a newspaper van after it left News International's plant in Wapping, east London, were freed by the Court of Appeal yesterday.

Although the judges agreed with the trial judge that what happened was "a disgraceful piece of street hooliganism", they reduced the sentences to 60 days to allow the men to be freed immediately.

David Payne, aged 43, a Southwark councillor, of St Matthew House, Philip Street, Wandsworth, south London, a Daily Telegraph printer for 23 years, and Robert Tetaur, aged 33, a former copy reader on The Times, of Dorking Crescent, Clacton-on-Sea, Essex were both convicted of causing actual bodily harm by Southwark Crown Court.

They had followed a van after it left Wapping and when it stopped on Tower Bridge, Tetaur opened the rear and started scattering papers. A fight broke out between the two print men and the van driver and his mate. Payne used a saucerpan to attack the van driver.

Payne had his application to appeal against conviction dismissed by Mr Justice Taylor, sitting with the Lord Chief Justice, Lord Lane, and Mr Justice Rose.

## Anger at demolition of cottage

Demolition men moved in yesterday and started taking the roof off Rose Cottage, the home of two elderly brothers who were evicted last week.

Mr Gordon Howards, aged 75, and his brother, Billy, aged 66, lost their three-year fight to stay in the house, in Cope Street, Barnsley, West Yorkshire, and were forced to move out last Tuesday.

But friends and supporters believed demolition work would not take place after they held talks with Barnsley council.

The house and four acres of land are wanted for the building of 71 new homes, more than half for the elderly, and were compulsorily purchased.

On December 1 an appeal by the European Court of Human Rights was due to be heard.

Mrs Dorothy Shaw, a friend of the brothers, said: "You can't trust anything Barnsley council has told us. I am just sickened at the speed of the demolition, it's totally unnecessary."

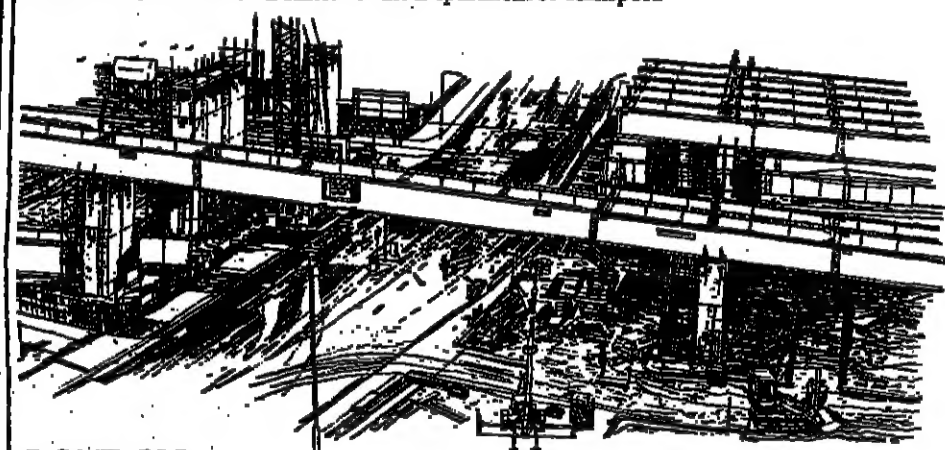
Mrs Rita Wood, another friend, said: "The council gave us an assurance that the work would not begin until all their property had been removed."

"The council said the matter was now out of its hands. Demolition is being handled by the Yorkshire Metropolitan Housing Association."

# Teamwork in Construction, Property and Homes Worldwide.

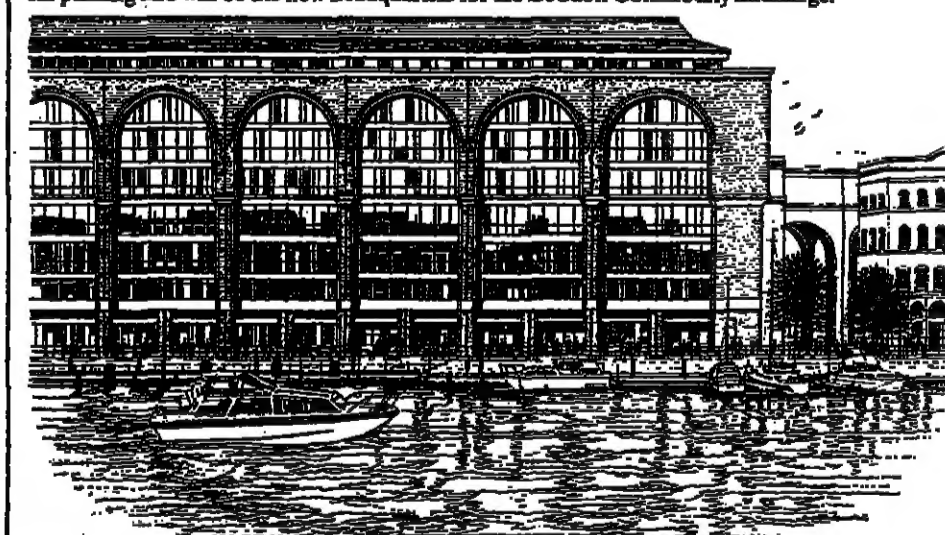
### LONDON

The A406 South Woodford to Barking relief road (Contract No. 2) is being built by Taylor Woodrow Construction Limited for the Department of Transport.



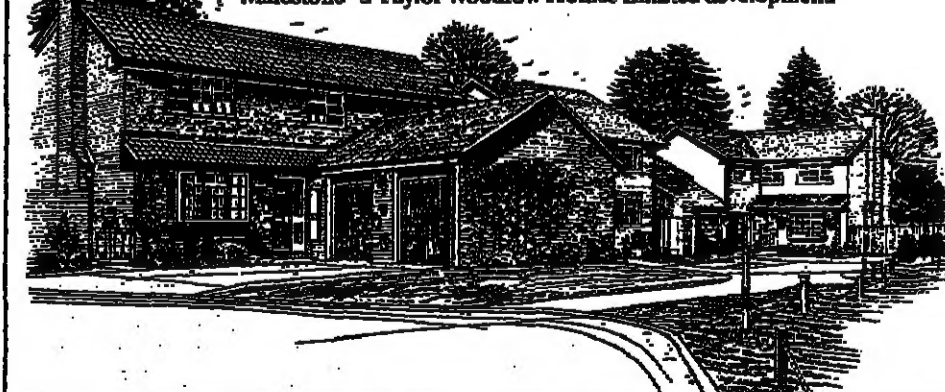
### LONDON

Commodity Quay at St Katharine-by-the-Tower. When completed it will provide over 243,000 square feet of offices, trading floors, residential accommodation and underground car parking and will be the new headquarters for the London Commodity Exchange.



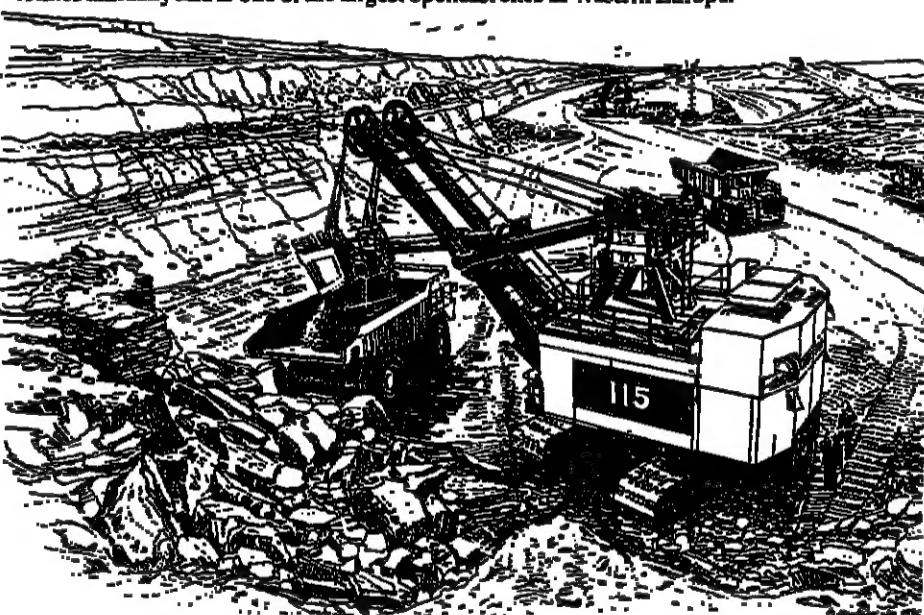
### KENT

Redwood and Pinewood detached homes at Woodlands, Vintners Park, Maidstone — a Taylor Woodrow Homes Limited development.



### NORTHUMBERLAND

Butterwell opencast coal mine celebrated its 10th anniversary this year. Operated by Taylor Woodrow Construction Limited for British Coal the site produces in excess of 1 million tonnes annually and is one of the largest opencast sites in Western Europe.



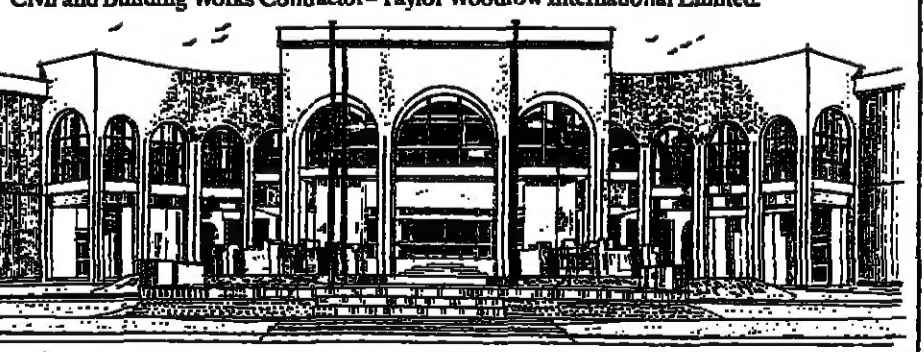
### USA

Model homes at Beacon Hill Vistas, part of the master planned community at Laguna Niguel, California by Taylor Woodrow Homes California Limited.



### SAUDI ARABIA

School of Signals complex at Khashm al An, Riyadh. Civil and Building Works Contractor — Taylor Woodrow International Limited.



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## Barclays Bank withdrawal raises fear of others to follow

### Sale seen as first move by British firms in trek from South Africa

From Michael Hornsby, Johannesburg

The sale by Barclays Bank of its remaining 40.4 per cent share in Barclays National, South Africa's biggest commercial bank, is seen as probably only the first of a number of moves for British disinvestment.

Britain is by far the biggest foreign investor in South Africa, accounting, it is estimated, for about 45 per cent of all foreign investment. There are about 130 companies here in which British interests have holdings of more than 50 per cent, and about 45 with holdings of less than 50 per cent.

The value of British investment in South Africa is put by British sources at some £6,000 million. Two years ago, it was estimated at £11,000 million, but the decline is mainly due to the depreciation of the rand. By contrast, American investment now stands at only \$1,300 million (£896.5 million).

Barclays is the first major British company to withdraw from South Africa and banking and Government sources expressed concern yesterday that its example could encourage other companies to follow suit.

If that were to happen, it would follow the pattern of American disinvestments which increased sharply after General Motors announced last month that it was selling its operation in South Africa to local interests.

The main concern is that further significant disinvestment by British companies, coming on top of the growing American corporate retreat, would increase the drain of foreign capital from South

Africa. Historically, foreign capital has provided about 20 per cent of net fixed investment.

Without foreign capital, economists consider South Africa has little chance of generating the real economic growth rate of between 3.5 and 4.5 per cent a year that is needed just to contain unemployment at its present level, estimated at more than 30 per cent among blacks.

"I think disinvestment slows down the rate of (political) change, and I think it affects the creation and retention of jobs in the country. There is less money available to do the things that need to be done. It is a matter for concern," Mr Basil Herscov, the chairman of Barclays National, said yesterday.

Barclays Bank has sold its remaining 40.4 per cent holding to a local consortium consisting of the Anglo-American Corporation, South Africa's biggest mining and industrial conglomerate, and two of its affiliated companies, De Beers Consolidated Mines Limited and The Southern Life Assurance Limited.

Anglo, De Beers and Southern Life now hold 55 per cent of the shares in Barclays National. The bank's managing director, Mr Chris Ball, insisted yesterday that there was "no threat" to the jobs of its 25,000 employees, 5,238 of whom are black, mixed-race Coloured or Asian.

The most immediate change the bank will undergo is a change of name. It was agreed last year, when Barclays Bank allowed its holding in South Africa to fall from 50 per cent to 40.4 per cent by waiving its entitlement to a rights issue, that the name should be changed by 1990. This will now be done next year.

The political pressure that Barclays Bank was under to quit South Africa is reflected in the fact that it was prepared to accept a price of only 18 rand (£5.2) for each of the 29,276,070 shares it held in Barclays National, well below their current price on the Johannesburg Stock Exchange of 23.50 rand.

In addition, the sales proceeds of some \$27 million rand—nominally worth about £165 million at the current commercial exchange rate—can only be taken out of the country at the special "financial rand" rate which is designed to discourage disinvestment. At present, the value of the financial rand is about half that of the commercial rand.

One effect of channelling capital flows through the financial rand pool is that they have no immediate impact on South Africa's balance of payments or foreign exchange reserves. The sales proceeds will remain in the pool until Barclays Bank can find buyers who wish to invest in South Africa.

The president of the Anti-Apartheid Movement, Bishop Trevor Huddleston, claimed the Barclays decision was largely the result of 17 years of active lobbying against the company, the largest British investor in South Africa. "It is an event of great significance and I think other companies are certain to follow," he predicted. He said efforts would now be directed against other multinational companies, especially BP and



The managing director of Barclays National, Mr Chris Ball, announcing the sale yesterday.

### Lobbyists claim a victory

By Nicholas Beeston

Anti-apartheid groups and pro-sanctions church organizations yesterday claimed that the decision by Barclays to withdraw from South Africa amounted to a significant victory for the disinvestment lobby in Britain.

The president of the Anti-Apartheid Movement, Bishop Trevor Huddleston, claimed the Barclays decision was largely the result of 17 years of active lobbying against the company, the largest British investor in South Africa.

"It is an event of great significance and I think other companies are certain to follow," he predicted. He said efforts would now be directed against other multinational companies, especially BP and

Shell. He also warned Barclays that it would continue to be a target for anti-apartheid activists because of its loans to South Africa, which amounted to £766 million last year.

"I would advise all public bodies to indicate very clearly that, although they are relieved by the Barclays decision, they are still not prepared to use their services until it has withdrawn completely."

Similar reaction is expected from other pro-sanctions bodies, such as Oxfam, the End Loans to South Africa campaign, the Catholic Fund for Overseas Development, Christian Aid and the British Council of Churches.

A spokesman for the British

Council of Churches claimed that the Barclays move was the "response to that lengthy campaign for disinvestment" and anticipated that the lobbyists would now focus on multinationals with investments in South Africa who were vulnerable to a consumer boycott.

In spite of the Barclays decision, a spokesman for the UK-South Africa Trade Association said that bilateral trade appeared to have increased in the last few months.

Its executive director, Mr Nicholas Mitchell, said: "I don't think that there will be any great movement towards disinvesting in Britain because of the Barclays decision, because it is slightly different from the others."

## WORLD SUMMARY

### Druze warning for Palestinians

Sidon — Palestinian guerrillas yesterday captured a strategic hilltop village from the Shia Muslim Amal militia after fierce fighting in which some 40 people were killed (Juan Carlos Guncio writes).

The assault launched from the Miyeh-Miyeh and Ein el Hilweh refugee camps gave the guerrillas control of Magdoushe, just south of Sidon, from where Amal artillerymen had been bombarding the camps since Friday.

But as the guerrillas strengthened their position, Mr Walid Jumblatt, the Druze leader of the Progressive Socialist Party, sided with Amal and vowed to prevent the return of Palestinian forces to Lebanese soil.

"The road to the liberation of Palestine does not go through Magdoushe," he declared angrily.

© Damascus — Mr Jumblatt's declaration came after he met Syrian officials, including Vice President Abdul-Halim Khaddam, Syria's main expert on Lebanon, in Damascus yesterday (AP reports).

### England in chess lead

Dubai — By crushing Bulgaria 3-1, England has retained a clear lead after nine rounds of the World Chess Olympics here (Raymond Keene writes).

John Nunn drew with Kiril Georgiyev, Nigel Short beat Venislav Indikov, Murray Chandler drew with Peter Velikov and Jon Speelman beat Krum Georgiev.

England now has a commanding total of 26½ points, ahead of the US on 24½ points plus one adjourned game; the Soviet Union has 24½ points, while Hungary has 23½ points plus one adjourned game. In the Hungary-US match the American top board Schirwan has adjourned with the advantage against Lajos Portisch.

Of the top teams, England now only has to meet Czechoslovakia. With at least a one point lead and only five rounds remaining to be played, England's chances of a first-ever team gold medal have substantially increased.

### Long jail terms call

Bonn — A prosecutor in West Berlin yesterday demanded long sentences for two Jordanians accused of a bomb attack that they said was supported by Syria (John England writes).

The prosecutor, Herr Detlev Mehlis, called for 14 years for Ahmed Hasi, aged 35, the brother of Nizar Hindawi, the Heathrow El Al bomber, and 13 years for Faruk Salameh, aged 40. Both are charged with attempted murder in bombing the German-Arab Friendship Society's centre in West Berlin on March 29, injuring nine people.

### Briton to leave

Delhi (Reuters) — Mr David Bergman, a Briton arrested while working to rehabilitate child victims of last year's Bhopal gas disaster, has agreed to leave India by December 30 to avoid prosecution, the Press Trust of India said yesterday.

It said David Bergman, 21, gave the undertaking at a Supreme Court hearing on his petition to quash charges against him under India's Foreigners Act and Official Secrets Act. Earlier this year Mr Bergman cycled 9,000 miles to India to raise money for Bhopal victims.

### US delays \$300m aid

San José — Four US allies in Central America are annoyed by the Reagan Administration's failure to deliver a \$300 million (\$212.7 million) economic aid package, promised as a trade-off for their acquiescence to new American funds for the Nicaraguan rebels (Martha Honey writes).

After several months of confusion, State Department officials and congressional aides have confirmed that the extra money, pledged to Costa Rica, Honduras, Guatemala and El Salvador, is no longer available.

The Administration had proposed, and Congress endorsed, the \$300 million aid package as a balance to the \$100 million in military and "humanitarian" aid to the Nicaraguan Contras.

### Crewmen rescued

Madrid — The British captain of a two-masted yacht, the Kommetos, and his crew of three arrived safely but exhausted at the Spanish port of Alicante yesterday after an ordeal in huge seas in which their vessel was damaged and eventually sank (Harry Debelius writes).

Captain John Hand, aged 39, and his crew, all from Chichester, were picked up by a Spanish tug boat off the Alicante coast after they sent out distress signals.

### Protest at shooting

Bonn — The West German Government has condemned the shooting of a young East German who tried to escape over the Berlin Wall early yesterday (John England writes).

The West Berlin Senate also protested and said the East German guards' use of firearms had reached a "new, tragic high point". An East German man, aged 36, escaped early yesterday by swimming in the Baltic until picked up by a West German ship.

### Argentina denounces fish zone

From Zoriana Pysariwsky New York

Britain's imposition of a 150-mile fisheries protection zone around the Falkland Islands was a thinly veiled attempt to gain dominance over the South Atlantic, posing serious risks to the stability of the region, Señor Dante Caputo, the Argentine Foreign Minister, told the United Nations General Assembly yesterday.

Señor Caputo said the October 29 declaration was in keeping with Britain's "expansionist logic", which sought to extend, whatever the cost, "its illegal occupation of the maritime and insular territory of my country".

The minister accused the British Government of pandering to the electorate by seeking to create friction and provoke armed incidents.

He called on the assembly to support, once again, a draft resolution urging the two sides to negotiate all outstanding issues over the Falkland Islands.

### Oil slick exposes East bloc failure on river pollution

From Roger Boyes Warsaw

A large, potentially dangerous oil slick, oozing up the Oder river from Czechoslovakia into Poland, has exposed new flaws in the pollution control system of the Soviet bloc and irritated relations between Prague and Warsaw.

Special anti-pollution units have managed to rid the river, which flows some 80 miles through the Czechoslovak industrial heartland into Poland, of the most damaging waste, scooping up the old fuel oil and burning it in canisters on the banks of the Oder, known as the Odra in Poland.

But there is a nagging risk to water supplies. It would, officials admit, be disastrous if the heavily polluted waters entered the food production cycle.

Workers built barriers — compressed by supported by empty barrels — around a sugar plant and at several other points in the river which feeds into the Silesian industrial centres and runs into the Neisse (Nysa in Polish) forming the Polish-East German border and from there into the Baltic.

But the same kinds of questions that followed the Chernobyl nuclear accident earlier this year are being posed again, this time with considerably more candour.

Why did the Czechs take so long to inform the Poles of the spillage? Why were so few precautions taken? Why can't Comecon, the Soviet trading bloc, not agree on a system of compensation for cross-frontier pollution?

The Oder crisis has significant parallels with the recent ecological disaster in the Rhine, but with one important



difference: there are no dead fish floating up the Oder. Marine life was killed long ago, destroyed by spillage after spillage.

The chronology of cross-frontier pollution is revealing as an example of how poor communications can be between two Soviet bloc allies. On November 11, the water

The Hague (Reuters) — Acid weedkiller that leaked into the Rhine in West Germany is expected to reach The Netherlands today and scientists will conduct tests to see if water for drinking can be safely drawn from the river, a waterways spokeswoman said yesterday.

Two tonnes of herbicide entered the river on Friday after a breakdown in a cooling system at a chemical plant at Ludwigshafen. Two West German states told waterworks to stop using the Rhine to process drinking water.

supply expert of the Katowice province in Silesia received a cable from the Institute of Water Economics in Ostrava on the Czech side of the border.

It said that there had been a spillage but it was being brought under control; a routine message. But by noon the next day Polish waters were black and sticky. The Polish Consul in Ostrava has still not

been informed of anything, though the Czech press and Western radio stations were broadcasting the news.

The spillage had come from a cement works in Ostrava on November 9, but the Poles were not officially informed until almost a week later. The Poles calculate that the slick contains some 50 tonnes of fuel oil.

The Czech side of the border is heavily industrialized with a steelworks and mines, and the pollution is so intense that the Poles have problems developing their own industry.

The Czechs have promised to build water-purification plants, but pollution does not seem to be a top priority for the Czechs. Care of shared rivers within the Soviet bloc has been defined by a network of legislation, including a treaty with Prague in 1958, with Moscow in 1964 and with East Berlin the following year.

But though the matter has been taken up at Cabinet level, neither Czechs nor Poles can reach an agreement on how these treaties should be implemented. The Czechs refuse to take daily samples of water, saying that monthly ones are sufficient, and have not established automatic sampling stations because of the cost.

Poland wants Comecon to draw up rules which would provide for compensation, arbitration of disputes and lists of forbidden emissions. The Czechs have opposed these moves.

The result of this deadlock could be seen last weekend. Firemen and civil defence workers clustered around foul-smelling canisters burning off, pound by pound, ton by ton, the latest gift from Poland's neighbours.

# Man Friday. Saturday, Sunday, Monday, Tuesday, Wednesday, Thursday.

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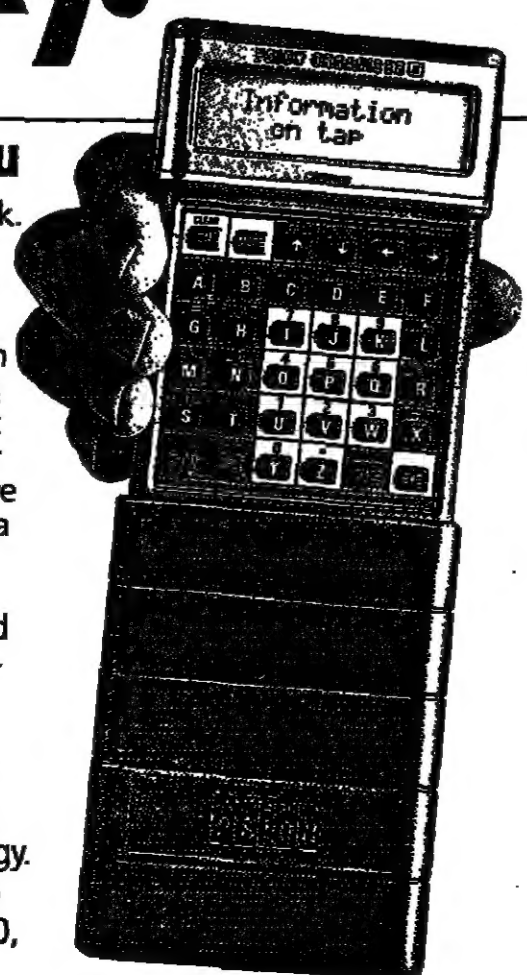
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COMMENTARY



Geoffrey Smith

The other day I went to see Governor Michael Dukakis of Massachusetts, one of the most successful Democratic governors. He is considering running for President in 1988 and told me he will make a definite decision by about the end of next February.

At this stage he cannot be regarded as more than a long shot. He is interesting, however, not only for what he might become but also for what he represents in the Democratic Party today.

He was elected earlier this month by a massive majority to his third term as Governor. After his first term, from 1974 to 1978, he was defeated in the primary by a fellow-Democrat — possibly for being too liberal and almost certainly for being too nonchalant — before recovering the office in 1982.

But the Dukakis of his second term is apparently a different politician from the earlier Governor. The reflex liberal has evidently given way to the pragmatist, to the man whose deeds are more arresting than his words. He is a progression that reflects the movement of opinion within the party.

The more the Reagan Administration becomes embroiled in the Iranian arms deal the better chance the Democrats ought to stand of recovering the White House in 1988. But they are a party in transition.

They had in Walter Mondale a candidate in 1984 who represented the old politics of a coalition of interest groups.

Party struggling to be born

and liberal causes, of labour unions and big government. It looked like the last fling of the Democratic Party of Roosevelt, Truman, Kennedy and Johnson.

But there was at the same time another Democratic Party struggling to be born, represented by Gary Hart. This is a party whose core group consists of young professional people, hankering for the future rather than celebrating the past, eager for opportunity and impatient with traditional ties.

Mr Hart failed then partly because he was not adequately prepared, and therefore failed to articulate his aspirations sufficiently precisely, but also partly because he was before his time. The constituency to which he appealed is important, but it was not then and probably is not now enough by itself.

To be successful the Democrats need to retain the loyalty and enthusiasm of their traditional support while reaching out to those voters who pride themselves on not being traditional.

The claim made for Governor Dukakis is that he straddles these two wings of the party. Listening to him saying that he stood, above all, for economic opportunity for every American citizen, I was not impressed. It was too vague, too generalized. He said little to distinguish him from any other potential presidential candidate in either party.

One notable exception

The one notable exception was on trade protection, which he claimed that he would resist more strongly than the present Administration, while concentrating on policies to develop the competitive efficiency of American industry. As the Reagan Administration has rather a good record in this field and as there is a strong protectionist tide flowing in the Democratic Party, this was a significant commitment.

But if he does decide to run for President he will need to develop more themes in greater depth. Otherwise he will be in danger of being written off as one of nature's vice-presidents.

But Governor Dukakis has a number of advantages as well. Prosperity in Massachusetts has increased dramatically under his governorship.

A Democrat who speaks, even if imprecisely, of opportunity in the language of the young professionals and can at the same time claim to enjoy good relations with the unions should have attractions for both wings of the party.

He looks younger than his 53 years, is personable and energetic. He should come over well on television once he has worked out more clearly exactly what he wants to say.

If there is to be a surprise in the first Democratic primary of 1988 in New Hampshire, the Governor of the neighbouring state of Massachusetts should be in a better position than most to spring it, and what a springboard that could be.

# Reagan aide denies changes at top

From Michael Binyon  
Washington

Despite the mounting pressure on President Reagan from his friends, especially his wife, to sack several of his top aides over the Iran affair, Mr Donald Regan, the White House Chief of Staff, insisted yesterday that he would not resign, and said he did not think there would be any changes in President Reagan's top staff this week.

Mr Regan said on television: "I'm not considering resigning. I serve at the pleasure of the President. When it's time for me to go, we'll talk about it. But I don't think this is the time."

Criticism continued to mount yesterday of Mr Regan and also of Mr George Shultz, the Secretary of State, whose aloofness is being described as failure to support the President at a time of crisis.

White House officials insist that Mr Shultz knew more about the arms shipments than he acknowledged, but decided not to fight against the President's decision and allowed senior State Department officials to remain in the dark.

In an unusually sharp attack on Mr Shultz, Senator Robert Dole, the outgoing Senate Republican majority leader, said he was having difficulty supporting Mr Reagan's decision because "it's fairly difficult when the Secretary of State is not doing anything".

An aide suggested that President Reagan might be losing



President Reagan and Mrs Nancy Reagan arriving at the White House after spending the weekend at Camp David.

patience with Mr Shultz over his attitude. Mrs Nancy Reagan is reliably said to be furious with the way her husband's top officials have failed to protect him.

Long influential in the selection of senior White House staff, she is said to be pressing for the dismissals of Mr Shultz, Mr Regan, and Admiral John Poindexter, the National Security Adviser.

Mrs Reagan's press secretary said she was "troubled" and "hurt". A family friend

said: "They feel betrayed and stunned. This was supposed to be the tight team of loyalists, and instead of taking the bullet for the President, they left him out hanging."

Senator Dole, echoing the calls for White House dismissals, said: "Right now they ought to circle the wagons — either that, or let a couple of the wagons go over the cliff."

Congress has particularly criticized statements by Mr Regan in which he compared his job to that of a "shovel

brigade" cleaning up after a parade.

Congressmen and the press have accused him of failing to understand the seriousness of the situation, and treating policy as a public relations exercise. Mr Regan also said: "Who was it that took this disinformation thing and managed to turn it? Who was it took on this loss in the Senate and pointed out a few facts and managed to pull that? I don't say we'll be able to do it four times in a row."

But here we go again, and we're trying."

The Democrats, sensing the public anger over Iran, drew up a fiercely worded resolution at the weekend, accusing the Administration of duplicity, cover-up and "dangerous double-speak". The party's national committee said: "Our position in the world has been weakened, our credibility on the issue of terrorism is now virtually non-existent, and other American lives have been put at risk."

## Israelis to keep any deals with Iran secret

From Ian Murray  
Jerusalem

Only a special sub-committee will be given in secret any details there may be of Israeli arms dealings with Iran, Mr Shimon Peres, the Foreign Minister, told the Knesset's foreign affairs and defence committee yesterday.

Summoned before the committee to explain what the Government was doing in relation to any deals, Mr Peres refused to give any evidence. But he did give a strong pointer to the fact that deliveries had been made. If there were any deals, he said, they were so small that they could have had no possible effect on the Gulf War.

In refusing to give any details to the committee, Mr Peres was following the secret line already laid down by Mr Yitzhak Shamir, the Prime Minister, who has stuck resolutely to the traditional Israeli government position that it never discusses arms deals.

If deliveries have been made to Iran, it is probably only known within the Cabinet to Mr Shamir, Mr Peres and Mr Yitzhak Rabin, the Defence Minister.

Meanwhile, there is growing concern here that grassroots opposition in the United States to the Iranian arms deal will rebound against Israel's interest.

## French to send 'ring of light' into space

Paris (Reuters) — European space authorities are planning to put a ring of light, visible throughout the world, into orbit in 1989 to mark the centenary of the Eiffel Tower.

The half-tonne package will be launched from an Ariane rocket. It will inflate in space to form a string of 100 reflectors linked by narrow plastic tubes and will have a circumference of 15 miles.

## Spain boom

Madrid (Reuters) — Foreign tourists spent \$5.4 billion in Spain during the first nine months of this year, an increase of almost 50 per cent over the same period of 1985.

## Priests held

Maputo (AFP) — Rebels of the Mozambique National Resistance have kidnapped three Portuguese Jesuit missionaries and 18 children.

## Demirel clear

Ankara (Reuters) — Mr Suleyman Demirel, the former Turkish Prime Minister, was acquitted of defying a ban on involvement in party politics.

## Sikh shooting

Chandigarh (Reuters) — Suspected Sikh extremists shot dead the son of a Punjab police chief on a university campus in Amritsar.

## Brussels braced for tariff war with US

From Andrew McEwen  
Diplomatic Correspondent  
Brussels

Pessimism clung like Brussels fog yesterday to the man charged with keeping Europe out of a tariff war with the United States. A sombre Mr Willy de Clercq, the EEC Trade Commissioner, briefed the foreign ministers of the Twelve on what he called "painful and difficult negotiations" with the Reagan Administration.

Washington will block EEC exports worth \$500 million (£352 million) next year if the talks fail.

"Success" would consist of a formula to buy off American complaints that its farmers lost exports to Spain and Portugal as a result of protectionist EEC farm policy.

The US has demanded compensation for \$500 million worth of sorghum and corn which it exported annually to the two countries before they joined the EEC.

"It is a very difficult situation and we cannot exclude the possibility that the talks



Mr de Clercq: some difficult negotiations ahead.

will end in failure," Mr de Clercq said. Washington had made it quite clear that the December 31 deadline was firm, he added.

While still hoping for success, all member states had agreed on a contingency plan for failure.

The EEC would match any American sanctions with counter-action.

Mr de Clercq said that Britain had indicated its support for such measures.

The foreign ministers, under the presidency of Sir Geoffrey Howe, the Foreign Secretary, gave Mr de Clercq full backing to keep talking.

A top US delegation, including probably Mr George Shultz, the Secretary of State, and three other Cabinet members, is due to visit the Commission on December 12.

If agreement looks possible, the formula is likely to be approved at the last foreign ministers' meeting under UK presidency on December 15.

The US has based its claim on the fact that the tariffs that Spain and Portugal applied to American agricultural exports were fixed under the rules of the General Agreement on Tariffs and Trade (GATT).

The tariffs increased automatically to the higher EEC levels when the two countries joined the European Community. Washington contends it is entitled to compensation under the GATT rules.

American officials in Brussels said yesterday the Commission had indicated it would not pay direct compensation, but would indirectly achieve the same result by adjusting tariffs on a range of US industrial and farm exports.

The principle of indirect compensation had been admitted, and the question was how it should be achieved.

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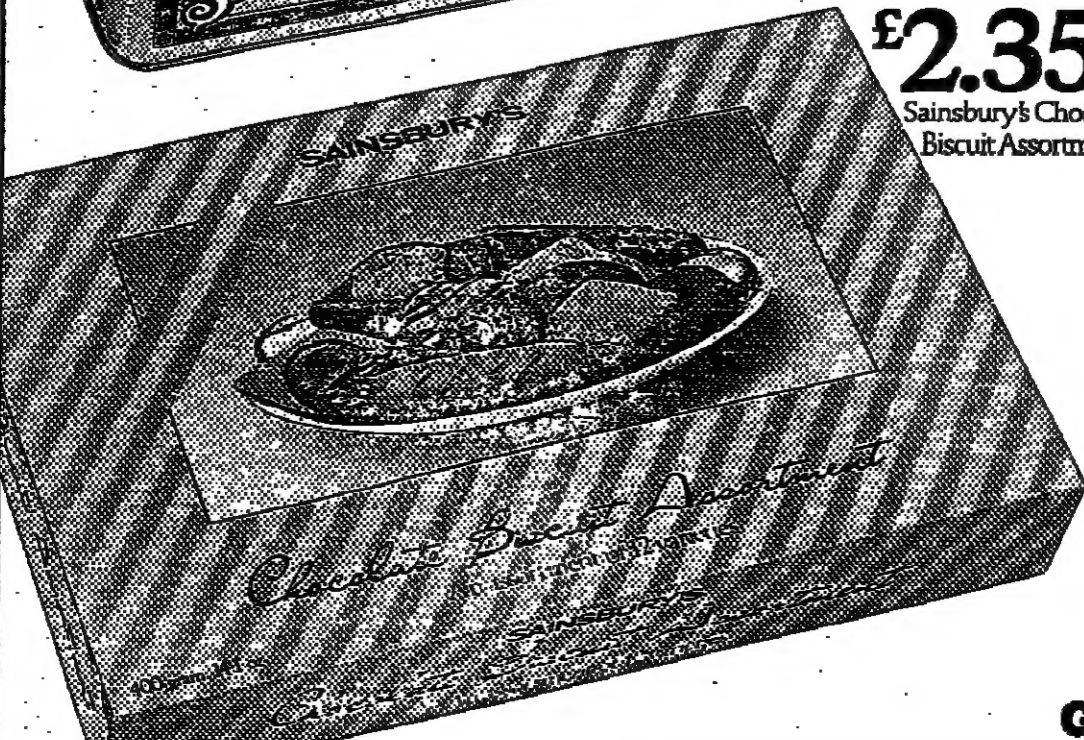
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## Ex-minister plays waiting game after Philippine 'coup' attempt

## Spokesmen for Aquino and Enrile trying to keep lid on latest crisis

From David Watts, Manila

Filipinos were treated to the spectacle yesterday of the presidential spokesman describing in some detail a plot cooked up by men with links to the former Defence Minister, Mr Juan Ponce Enrile, to take over the Batasan Pambansa, or Parliament, and declare an acting President of the Philippines, while the new Defence Minister, Mr Rafael Ilo, declared that there was no evidence of a plot.

Both were partly right and both were trying to put the lid on yet another Philippines crisis to prevent it boiling over.

The official spokesman, Mr Teddy Benigno, was trying to depict President Aquino, fully in control of events, parting company with her Defence Minister on the warmest terms. Mr Ilo, the new Defence Minister, was mindful of the fact that the Government cannot start investigating dozens of reformist officers behind Mr Enrile without provoking severe problems in the military. Nor could Mr Enrile be prosecuted for trying to overthrow the Government, said Mr Ilo, because he was no longer in the military.

The weekend's bizarre events had their roots in a series of demands put to the President by Mr Enrile via General Fidel Ramos, the armed forces chief, who had the support of many officers in the reform movement which helped bring Mrs Aquino to power last spring.

The demands included the removal of several Cabinet ministers the military consid-

ers to be communist, incompetent or corrupt, a tougher stance on insurgency, removal of some regional officials, abandonment of the new constitution and its replacement with a document to be drawn up and approved by the Batasan, recalled with the same personalities as under former President Marcos and with its former Speaker, Mr Nicanor Ylguera, as acting President.

These demands were debated back and forth over the telephone during Mrs Aquino's visit to Tokyo but the

The new Philippines Defence Minister said yesterday that his country is lucky to have American bases on its soil (AP reports from Manila). Mr Rafael Ilo said the issue of continued US use of the facilities must be decided by the political leadership.

no's visit to Tokyo but the murder of Mr Rolando Olalia, leader of the left-wing People's Party, and the kidnapping of a Japanese executive, Mr Nobuyuki Wakaoki, caused the letter to be at least temporarily pigeonholed by the President.

Faced with these demands from the reform officers and combined with a Defence Minister enjoying strong support in the regions, the President had the backing of her Cabinet and the public in Manila in seeking the removal of Mr Enrile.

By Saturday it appears a deal had been struck with General Ramos, no longer purely playing the role of middleman, and other military figures around him, press-

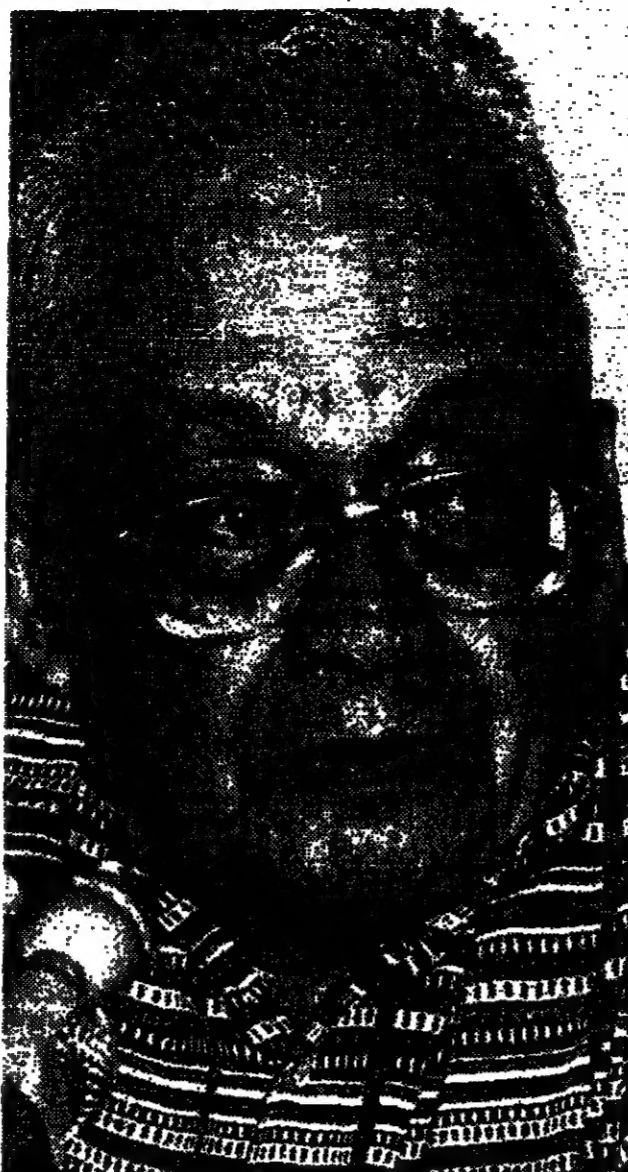
ing Mrs Aquino to make changes.

No one is saying in public what the agreement is, but Mr Enrile appears to be playing a waiting game to see if Mrs Aquino will satisfy the demands the reformists and many of the middle class are now making of her. If she does not prove capable of grasping the nettle, Mr Enrile is well placed for a future return.

The change from a purely revolutionary Cabinet was bound to come sooner or later, but Mrs Aquino seems to have been incapable of seeing the need until it was pressed on her in the strongest terms by the military. It is understood that the reformers want the removal of five members of the present Cabinet who are a mixed bag in terms of competence, their single unifying quality being their opposition to the former President.

The removal of Mr Enrile is being depicted not only as the surmounting of a crucial test for Mrs Aquino but by her spokesman as an end to what he called the "hijacking" of the country by a small group of military officers. Mr Enrile's removal is like that of a bone from Mrs Aquino's throat, said Mr Benigno.

But the political economy of the Philippines is considerably more complex than that, and Mrs Aquino's most demanding test is yet to come: whether she is capable of removing personal associates from the Cabinet, not only in the cause of peace in the short term, but better government in the longer term.



Mr Nicanor Ylguera, former Speaker of the Philippines National Assembly, answering questions yesterday.

## Bomb in bus kills two

Manila (AFP) — Two people were killed and 13 were wounded when a bomb exploded in a bus in the southern Philippines on Saturday.

The driver and a passenger were killed when the bomb exploded as the bus was about

to leave the bus terminal in Tagum town, Davao del Norte province, 546 miles south of Manila.

Investigations were being conducted to determine whether the bomb was the work of communist insurgents.

## Armstrong will tell closed court about KGB defector

From Stephen Taylor, Sydney

The M15 book case is expected to go into closed session today after Sir Robert Armstrong, the Cabinet Secretary, declined yesterday to answer questions in open court on information provided by a top Soviet defector on Sir Roger Hollis, former head of M15.

At the same time, counsel for the British Government foreshadowed that they would cite grounds of "public interest immunity" in continuing to resist producing background documents on Mrs Thatcher's 1981 Commons statement in which she cleared Sir Roger of being a Soviet mole.

Allegations against Sir Roger made by Mr Peter Wright, whose book is the subject of the present injunction hearing in the New South Wales Supreme Court, were raised late on the sixth day spent by the Cabinet Secretary under cross-examination.

Mr Malcolm Turnbull, counsel for Mr Wright, had referred to the defection in 1985 of Mr Oleg Gordievsky, then the KGB station head in London, who Sir Robert agreed was a man of "power and influence" in the Soviet intelligence service.

Mr Turnbull asked: "Given the uncertainty surrounding Sir Roger Hollis, given your concern about him, why has your Government not released the information Gordievsky gave you about Hollis?"

Sir Robert replied: "I am not prepared to answer any more questions about this in open court."

Mr Justice Powell and counsel for both sides then agreed that the court would go into closed session today and possibly tomorrow, in which time Mr Turnbull is expected to wind up his gruelling cross-examination of Sir Robert.

Earlier, Mr Turnbull suggested that the "treachery or otherwise of Sir Roger Hollis is likely to be one of those great historical conundrums which are forever debated and forever unresolved."

Sir Robert replied: "As the Prime Minister said (in the Commons statement), it is impossible to prove innocence. It is possible further information will come to light which would prove guilt. It has not. If there was more information (the investigation) would have to be reopened."

Was it not time, Mr Turnbull asked, for the Hollis issue to be put on the shelf of history, like another one-time sensitive subject — the Bletchley codebreaking operation of World War II — and "to let the participants speak their minds in their own names?"

Sir Robert: "They are under a duty of confidentiality not to."

At the start of the day's hearing Mr Turnbull returned to the subject of Mr Chapman Pincher, whose book, *The Trade is Treachery*, was written with Mr Wright's assistance, and which the defence maintains was secretly authorized by the Government.

Mr Turnbull said among the documents he would be calling for under an authorizing court order was the M15 file on Mr Pincher, who the defence claims was used by official sources to release sensitive information.

An earlier book by Mr Pincher titled *Inside Story* was produced by Mr Turnbull, who said it listed eight instances in which Mr Pincher had cooperated with intelligence or official sources, either as an agent of M15 or by acting as a conduit for putting information into the public domain through his newspaper reports.

Mr Turnbull asked Sir Robert if he knew anything about a meeting late in 1980 between Mrs Thatcher and Lord Rothschild, a senior Tory Party adviser said by the defence to have been involved in the publication of *The Trade is Treachery*. Mr Turnbull claimed the meeting took place at Lord Rothschild's St James's Square flat and concerned intelligence matters.

Sir Robert said he had no knowledge of such a meeting.

Of the investigations announced by Sir Michael Havers, the Attorney-General, into disclosures made by a number of former M15 officers in breach of their duty of confidentiality, Mr Turnbull put it to Sir Robert that it was "a great hypocrisy" to take action now when nothing had been done in the past four years.

Sir Robert replied that he did not know the circumstances of individual cases.

Mr Theo Simos, QC, for the Government, produced a list of the documents which the defence may claim access to under an order granted by Mr Justice Powell two weeks ago, and which was the subject of an unsuccessful application to the Appeal Court last week.



Mr Malcolm Turnbull: he is "appalled" by objection.

## Contradictions of Saudi Arabia

## Nation of stonings and space travel

By Alan Hamilton

Last week's visit by the Prince and Princess of Wales to Saudi Arabia highlighted the contradictions of this secretive giant, torn between the tenets of Islam and the lure of the 21st century, a country which can produce the first Arab spaceman and put adversaries to the medieval death of stoning.

The paradox is both social and political: the first illustrated by the treatment of the Princess in being excluded from all official banquets, and the second by the strange affair of the missing Crown Prince Abdullah, who was to have been the royal couple's official host.

Women remain severely repressed by Western standards. They are not allowed to drive, and may not even get into a car with a strange man unless chaperoned.

Although they can freely take up higher education and follow professional careers, they cannot attend a university lecture given by a man and are obliged to watch it on closed-circuit television.

Many women still leave their houses veiled entirely in black, making crossing the road hazardous as they peer through the material. Others go with their heads uncovered, but any suggestion of a bare arm or leg is likely to earn them a severe reprimand from the religious police.



Prince Abdullah: known as a traditionalist.

Western residents of Riyadh say that, although executions are now rare, there are occasional reports — never published in the newspapers — of stonings for adultery, the victim being whichever party to the liaison was the married one. The fornicator is buried in the earth up to the waist. The first volley is with pea-sized pebbles, gradually increasing to deadly rocks.

The guilty party is permitted to try to escape by wriggling free from the pit, and if successful — it is said that very few are — is pardoned, for it is then regarded as the will of Allah that they should go free. Kissing between men and women in public, however chastely, is still regarded as highly offensive. Yet it is perfectly common and acceptable for men to kiss each other, with an intensity that is highly embarrassing to any heterosexual Westerner.

The position of Saudi Arabian women appears not to have progressed in the last 10 years, and may even have become more restricted, an indication of the powerful influence of the religious leaders of the Wahabists, the Sunni Muslim religious sect which dominates the country. King Fahd is clearly astute enough to pay close heed to the religious lobby and its desire that the country should not be cast adrift from its traditional religious anchor.

To pacify and reassure the *ulama*, the religious scholars who are guardians of the old Islamic ways, the King spends several hours each week in discussion with them, and has channelled large sums of oil wealth towards religious projects.

They include new Islamic universities, a spectacular terminal for pilgrims arriving at Jiddah airport, and a new road, known as Christian Bypass, around the city of Mecca to keep the infidels away from one of Islam's holiest shrines.

King Fahd's formal title is Custodian of the Two Holy Mosques (Mecca and Medina); he does not call himself "His Majesty", that prefix being so potent that it can refer only to God.

Official documents also take care to state that the cornerstone of foreign policy is the eventual recovery of the third holy shrine of Jerusalem.

Contrasting cultural backgrounds are evident even within the inner circle of the royal family of al-Saud, who rule the country as an absolute but relatively benevolent monarchy, King Fahd being his own Prime Minister. Crown Prince Abdullah, first in line to the throne, is a traditionalist who spends most of his time in the company of his Bedouin cousins.

His absence last week, supposedly at a Swiss clinic until he was unmasked in a luxury Las Palmas hotel, may have been a subtle diplomatic message to Syria that Saudi Arabia was not fawning over British royalty. Abdullah has a Syrian wife and is King Fahd's principal messenger to Damascus.

But he is said to be one of the less sophisticated and less able of the senior members of the royal family, and also suffers from a stammer. Prince Sultan, the Defence Minister and second in line, is by contrast American-educated and an excellent speaker of colloquial English.

Saudi Arabia has to achieve a delicate balance of maintaining the unity of the Arab world, while keeping good relations with its oil customers and its suppliers of high technology in the West. One experienced Western Arabist based in Riyadh said last week: "They may be the Syrians' paymasters, but they like to keep them at arms' length."

The same Arabist continued: "It would be wrong to assume that there is any kind of open feud in the royal family between the traditionalists and the progressives. They are very good at sticking together. This is one of the most stable regimes in the region."

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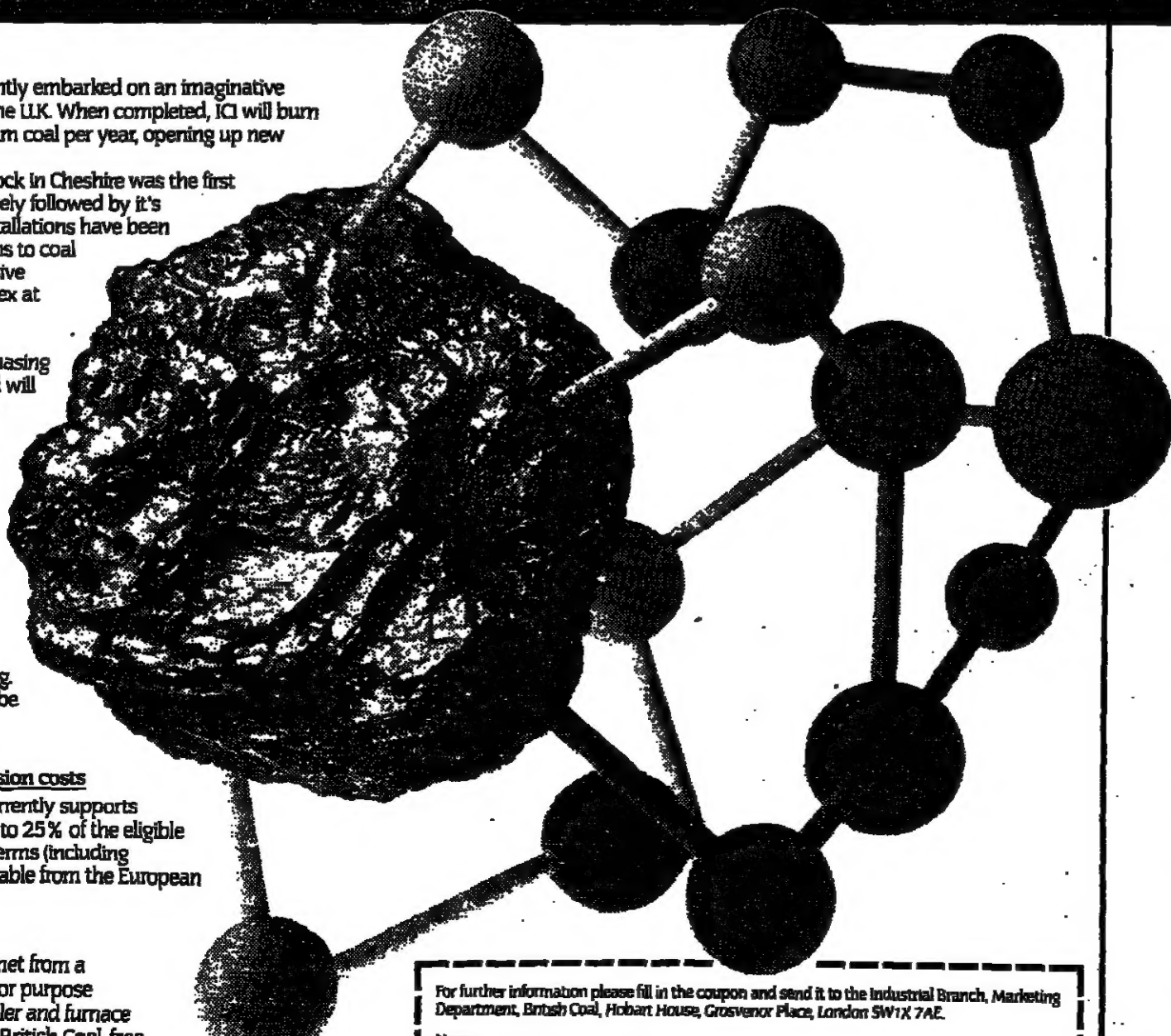
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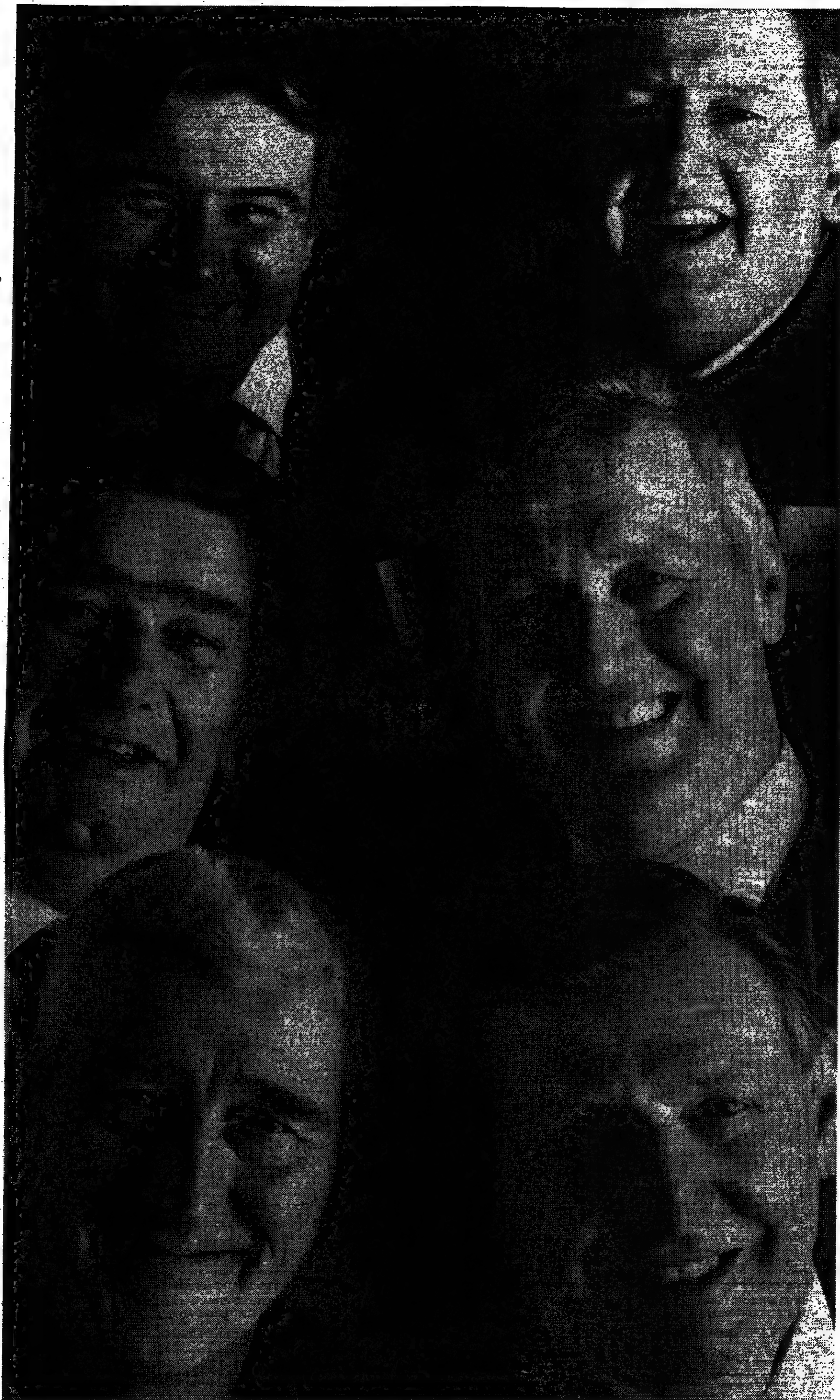
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THE ARTS

Swinging again to the Sixties

GALLERIES

1966 and All That  
Whitworth Art Gallery,  
Manchester

Make or Break  
City Art Gallery,  
Manchester



Imperishable images of the Sixties: Klaus Voormann's Beatles record sleeve and John McConnell's Biba logo

The Sixties evidently continue to excite renewed interest: presumably we are just passing that crucial stage where what has been dated, dowdy and boring suddenly starts to look period, trendy and fun. This summer I saw major exhibitions in Paris and Cologne which attempted to take a steady and not uncritical look at the arts and their effects 20 years ago. Now it is Britain's turn. And the great advantage of 1966 and All That at the Whitworth Gallery, Manchester, until December 6, lies over its continental rivals in that for once London, in that decade, was a much more interesting place to be than Paris, Cologne or perhaps anywhere else in the world — at any rate until 1968 and San Francisco.

"Swinging London": for anyone over 30 the very words must summon up a host of images. Miniskirts, of course, though as the show points out they did not reach their minimum until the end of the decade. Carnaby Street, psychedelic colours, Union Jacks on everything, Beatles music, flared trousers, kipper ties. Habitat and Biba and Casa Pupo. We might not so immediately remember the period as the heyday of the tower-block, or spell out all the economic implications of the never-had-it-so-good ethos. And we are probably not quite sure when it all really started, whether it all really happened, or was merely another creation of the PR apparatus which also came into its own at around that time.

The organizers of 1966 and All That are quite tough on the mythic aspects of the Swinging Sixties. It is to be noted that the principal organizer and author of the accompanying book (Trefoil, £8.95), Jennifer Harris, was 17 in 1966, which should have been about the right age to experience an alleged explosion of youth culture. But I cannot help feeling that she and her co-authors are somewhat unidiomatic in their recollections, or too inclined to see things through the blinkered eyes of the Eighties.

They point out, for instance, that the new women's clothes of the

Sixties were supposed to be liberating, but in fact imposed their own form of constraint: concerning the skeletal Twiggy they observe "dramatic in size, the woman is also diminished in consequence", and the implication seems to be that mature women dressed in little-girl styles are bound therefore to behave like little girls. Surely this is a confusion of the image with the actuality: a big point of the Sixties was the amount of irony involved in knowing misquotation of styles and motifs: women in Mary Quant's babywear "skinny-ribbed" sweaters did not necessarily find themselves behaving like babies, any more than women in ankle-length skirts and granny-glasses behaved like grandmothers. The fun was in the discrepancy.

In other respects the show tends to be a bit solemn and sociological. But one has only to join the dozens of kids in school parties wandering round it, sketchbooks in hand, to sense that for all the mild disapproval and admonitions that we must be serious about all this, the fun of the decade does come out. Of course the new enthusiasm for Victorianism, Art Nouveau and Art Deco revivalism, and even today, after a more than decent interval, some of the dayglow colours, indiscriminately applied, are decidedly hard on the eyes. But the feeling of dynamism, and the sense that something was happening all round, remain irresistible.

The Whitworth show is primarily

about design, though there is an annex of art from the period which happens to be in the gallery's collection, and the early examples of British Pop Art and such do not look at all bad. I am not so sure about the discreet "modernization" of the Whitworth's own buildings — lowered false ceilings, lots of plain varnished wood — which dates from just that time and is carefully documented in a photographic display. It would be ironic if, just at the point when we are pulling down tower-blocks and opening up again Edwardian vistas in our museums, we should find ourselves torn between returning to the original proportions and preserving the Sixties décor which has already, perhaps, become a part of the environment, worthy of conservation on its own account.

I've wanted to see the sort of thing that the Sixties dragged us out of, Manchester at the moment offers a useful point of reference in the Make or Break show, which began its life at the Royal College of Art in London and has now arrived (until December 7) at the Athenaeum section of the City Art Gallery. If 1966 and All That takes us back 20 years, Make or Break takes us back 20 years before that, to the Victorian and Albert in 1946. The point of that was to signal, if not the end of wartime rationing and restrictions — they hung on, for some time

afterwards, really up to the Festival of Britain in 1951 — at least the possibility that the quality of life was going to improve and that designers might at last be given their heads again.

Though 40 years is a long time, it seems longer. The main notion of Britain Can Make It appears to have been that everything was going to go back to just where it had been before: things that had not been available "for the duration" would come back again unchanged, and people would be wearing the same clothes, living in the same houses, eating off the same china, and using the same domestic appliances they had in 1939. No hint here of any radical change there might be in the balance of society or the tastes of individuals, let alone in the technology which governed it all. And it must be admitted that, despite Teddy Boys and skiffle in the Fifties, nothing very radical did happen, in design at least.

It is fair enough that 1966 and All That raises the questions it does about the whole swinging decade, and where exactly it was swinging to. But comparing the contents of the two shows does make it very clear that in the early Sixties, when we finally realized that we had lost the Empire and gained the Beatles, something happened in Britain and to Britain, after which British design, British music and British life could never expect to be the same again.

John Russell Taylor

Mining matters

Last night *World in Action* (ITV) turned its attention to the South African mining industry. South Africa cannot be understood without a knowledge of its lucrative mines, but the mines, unfortunately, cannot be understood in a half-hour programme. Although this confined itself to a single aspect, the harsh treatment of black workers by one of the great mining houses, Consolidated Gold Fields of South Africa, there was no time to place its few vignettes in any but the sketchiest context.

*World in Action* is accused, in a recent survey by a newly established outfit called the Media Monitoring Unit, of left-wing bias. The report on Gold Fields was biased to the left, as one which selected none but the most enlightened aspect of the Anglo-American Corporation's treatment of black miners would be biased to the right. But it was so short that it was likely, however it was made, to mislead in some direction, if only by omission.

TELEVISION

For example, we were told that "the architects of apartheid took the mining industry as their model". The impression given was that the Boer Nationalists modelled themselves on British capitalists. In reality, they hated the capitalists, not least for trying to break down the colour bar in the mines. This was originally established by white miners, to stop workers of other races from taking their jobs. Apartheid might, indeed, be described as the political expression of white trade unionism — a system of restrictive labour practices taken to extreme lengths — but, if the makers of *World in Action* meant that, they lacked room to say so.

The chairman of Gold Fields, Lord Erroll of Hale, was quoted as saying "our miners have better conditions than I had at public school", a far from reassuring remark. For purposes of comparison, the series should include an account not just of conditions in other countries' gold mines, but at Omdurman, c. 1928, including the number of fatal accidents, and the length of time spent underground.

Andrew Gimson

ROCK

Alice Cooper  
Wembley Arena

Before the excesses of WASP, Iron Maiden, The Damned, The Tubes, Kiss and even *The Rocky Horror Show* there was Alice Cooper, the man most singularly responsible for the catalogue of miscreant entertainment that has become so pronounced since his fall from prominence. But Cooper has not been forgotten, and his malign pantomime routines now seem more than ever an apposite representation of fantasy horror at a time when video nasties and "splatter" movies have become something of a norm.

The magnificent stage set was a Gothic cross between Frankenstein's junkyard and the wreck of the Hesperus, and Cooper, wielding a variety of whips, swords and canes, strode like Billy Smart in a circus of horrors through a litter of disembodied model legs and heads, pausing to fondle his python during "Be My Lover", engage in a whipping duel with a leather-clad

dominatrix during "Go to Hell" and impale baby dolls on the end of a sword while singing "Billion Dollar Babies". Last this should sound alarming, such antics are probably best explained as the behaviour which once inspired Salvador Dali to make a cream-cake sculpture of the singer's brain.

The music, most of it as old as the routines, also had an unlikely heavy metal contemporary and, although the man singing "I'm Eighteen" with such bravado was in fact 38, the majority of those in the audience punching the air in response were probably not far off that magical age.

While the notorious guillotine climax of "I Love the Dead" was the highlight for most people, my favourite moments were the appearance of a great tuff-haired monster during "Teenage Frankenstein" and the unexpected pathos of "The Ballad of Dwight Fry" when, bound in a straightjacket, Cooper sang plaintively "See my lonely life unfold".

Poor Cooper. The papier-mâché villain has found a new generation of trash-rock lovers to send him raving all the way to the bank.

David Sinclair

CONCERTS

LSO/Abbado  
Barbican

There are few conductors who can match Claudio Abbado's sophistication in the tricky business of delineating and refining Debussy's textures. Perhaps this was not the most exciting performance of *Iberia* imaginable: the outer sections, in fact, were rather sedate and too obviously painstaking. But hearing how Abbado balanced these gorgeous sounds, coaxing some particularly breathtaking fragrances in "Les Parfums de la nuit", was an education in the subtler orchestral arts. And one could not wish to hear a slicker, more naturally shaped account of the *Prelude à l'après-midi d'un faune*.

The London Symphony Orchestra's prelude to Debussy's early cantata *La Damoiselle élue* was also sensitively wrought, preparing the ground admirably for those rather drippy images that prop up Rossetti's poem: lilies, ripe corn, eternal womanhood. To this the fresh-toned ladies of the



Claudio Abbado: coaxing breathtaking fragrances

London Symphony Chorus and the mezzo Claudia Eder grafted on a well-poised narrative.

The central scene, however, is for the blessed damozel herself, and here the soprano Maria Ewing took us into a different emotional league, displaying much fine, cultured tone especially in quiet, low-lying passages. She was, however, sometimes over-passionate where a certain degree of limpid resignation is required. After all, the lady might be waiting at the bar, but it is the golden bar of Heaven, and the wait could be extensive.

Brahms sat a trifle uneasily amidst all this Debussy, but his Violin Concerto sits with perfect ease on Viktoria Mullova's fiddle. To hear this work, such an epic challenge to technique and temperament, played with infallible intonation and scrupulous fidelity to the composer's markings is surely a joy in itself. These are achievements that have been known to elude violinists with more vaunted "personalities".

Richard Morrison

RPO/Dorati

Festival Hall

Brahms was in his heaven on Sunday night and all, or so it seemed, was right with the world. Antal Dorati was back with the orchestra of which, at 80, he is conductor laureate; the Royal Philharmonic played trustingly and honestly for him; and the audience responded with warm and generous applause. It was the sort of atmosphere one could well imagine being generated at next Thursday's concert, in which Dorati and the RPO turn to a more benevolent Brahms. This programme, though — the Tragic Overture, First Piano Concerto and First Symphony — announced the composer as tragedian; and that it failed to deliver.

The Piano Concerto was a schizophrenic affair. There was Dorati, standing at a tasteful distance from the work's emotional trauma, turning its rhythmic formers firmly and gracefully, forcing each burgeoning melody with discretion and restraint, and

keeping the rondo finale on a tight rein. And then there was Stephen Bishop-Kovacevich, with a performance which sounded as if it had just been removed from a hurriedly packed suitcase, strangely dispassionate, and with a patina of aggression to prove there was life in the old score yet. Just such a performance must have caused the work's first critics to condemn it as "a symphony with piano obbligato".

The C minor Symphony itself won through by Dorati's judgement of tempo alone. One longed for harder light and sharper shadow in the balance of orchestral parts: one waited in vain for melodic line to triumph over harmonic block in the second movement. The compensation lay in the effortless control of pulse in the Andante sostenuto, the balm of a third movement balanced perfectly between speed and grace, and a finale whose ringing allegro theme needed only a longer perspective to rise from reassurance to affirmation.

Hilary Finch

HAYWARD GALLERY

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The Last Waltz  
Soho Poly

As a National Serviceman, my strongest memory of Sandhurst is of an exercise in which the city had been blown to smithereens and the Blue had become a huge lake of Sullivater Mere. To judge from Gillian Richardson's play, the Army is still having its wicked way with the arts.

*The Last Waltz* encapsulates a friendship between two Army wives in an environment where single relationships are under constant threat from posting, promotion and pregnancy. From the first sight of Denise barging into the life of the young Christine's living-room, snooping derisively through her trinkets and making off as soon as she has extracted a subscription for a whole evening, there seems small chance of the two making friends. However, the hard-boiled Denise takes the innocent 20-year-old under her wing.

Ten years later, the relationship has reversed. Now Christine is comforting the fearful Denise, approaching 40 and dreading the prospect of another posting. As a birthday present, she offers Denise a day trip to Boulogne, but then cancels it on receiving an invitation from the colonel's wife. After all, her husband's promotion comes first even

Interests

FESTIVAL

I dare say that music historians written in the next century will talk of Huddersfield's Contemporary Music Festival with some awe. Every year sees a lively gathering of composers established and unknown, of performers British and foreign, of audiences young and old. The common bond is a boundless enthusiasm for a living art, although not all of the music may be momentous, there is no better place at which to try it out than this friendly workshop.

Last year the accent was very much on things British: this year the organisers have opted for a more varied programme, though the principal focus is a major retrospective of the music of Liszt. The composer himself is in active attendance. Sublimely, however, is the German, Swiss, Hungarian and Soviet music, and among these groups there is little doubt that the figure who has drawn the most enthusiastic attention so far is the Soviet composer Sofia Gubaidulina, who has seven works scheduled for the course of the festival.

The BBC's Russian Star has already given us a taste of her talents, and to judge from *Deti* (1972), which was excellent West German contemporary music group Ensemble Modern played under Heinz Holliger's direction in their concert at the Polytechnic on Sunday evening, she can be reckoned alongside the likes of Schostakovich

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The Old Man of Lochnagar

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JUST WOODWARD

"THIS IS AN INSPIRING LIFE-AFFIRMING TRIST"  
DAILY MAIL

ASPIRE TO JOY  
BEST IN THE QUEEN







## FASHION by Suzy Menkes

**'Not since Norman Parkinson created fairytale pictures of Princess Anne in 1971 has a photographer conveyed the magical quality of royalty'**

The exhibition at the National Portrait Gallery to celebrate the Queen's sixtieth birthday is filled with images, domestic and majestic, by painters of our time. It also includes photographs commissioned by the royal family themselves for official distribution.

Artists use licence and imagination and are aiming to please patrons, from the Fishmonger's Hall to the *Reader's Digest*. Their work must be judged according to aesthetic and artistic standards.

Photographers are called to the Palace to gild the royal image and, although some portraits may be more graceful or more technically effective, we must assume that the Queen and her family and all their advisors have some general aim in view.

If there is a cohesive picture of the royal family in the modern age, I cannot find it either in the current exhibition or in recent portraits taken of the Princess of Wales and the Duchess of York.

Disparate photographers doff their lens caps in the royal presence. Apart from Snowdon, who is primarily a fine portraitist, and Tim Graham, whose training was in news reportage, the photographers royal are mostly grounded in fashion. Sarah Ferguson and Prince Andrew deliberately summoned two fashion photographers, Terry Donovan and Albert Watson, to present them as a regal couple.

Yet something funny happens to fashion photographers on the way to the Palace. All their training and experience in creating a striking

### FASHION EDITOR'S COMMENT

visual image seems to desert them.

Not since Norman Parkinson created romantic fairytale pictures of a surly Princess Anne for her twenty-first portraits in 1971 has a photographer succeeded in conveying the magical quality of royalty. This was done in a sugary way in the 1940s by Marcus Adams and by Studio Lisa, whose portraits of the little princesses plopped in frills and flowers make Lisa Sheridan the Czar of royal photographers. Such pictures had a particular, definite

purpose: to show a misty-eyed vision of family life in a Britain of the Blitz.

The late, great Sir Cecil Beaton, whose royal portraits are a mirror image of his baroque and whimsical fashion pictures, is the only photographer to have created an image for the 20th-century monarchy. His pictures of Queen Elizabeth in ethereal tulle taken for the state visit to France in 1939 established a romantic style which the Queen Mother has carried with her for half a century. Both

the photographs and the dresses were inspired by Winterhalter, the 19th-century court painter who is himself the subject of a major exhibition at the National Portrait Gallery next year.

What we have today is a series of banal pictures taken in the royal back yard, punctuated by the occasional Snowdon portrait designed to give historical depth and gravitas. There is a place for candid camera shots to humanize royalty. It is charming to see the Queen beaming broadly at the Duke of York's camera or the little Prince William on horseback. But these should be matched by pictures that set monarchy as a race apart, in the context of our history and with all the accoutrements of majesty.

The great royal portraits were produced in a more confident age. Now the photographs, like the events themselves, lack the element of theatre necessary to make the symbolic side of the monarchy impressive for the subjects.

Our royal family are, to an extent, beached in a Europe once over-populated with their species. The grand clothes and jewels are also left as an island of splendour from which the rest of society has recoiled. Instead of trying to underplay the glamour and the glitter, official photographers must play it up. As a woman's magazine so succinctly put it: "Are the royals royal enough?"

Suzy Menkes discusses the Royal Image 1837-1986 at the National Portrait Gallery tonight at 6.30pm. "Elizabeth II, Portraits of Sixty Years" runs until March 22.



The Queen by Beaton, 1956

## Knitting up the new mood

**That indefinable look of the English gentleman: classic elegance and understated class**

Ever since Sebastian Flyte strolled on to our television screens in *Brideshead Revisited*, men's fashions have emphasized the kind of sartorial elegance of which Aloysius Bear would have been proud. The winter's knitwear for men confirms the look for young English gentlemen combined with a more American feel for collegiate stripes and *Gatsby*-style argyles.

Young fogeys, still hung up on Nanny's plan for warmth and practicality, will find replicas of their public school games sweaters in thick grey wool gracing the windows of high street menswear shops. They may even find their family coat of arms emblazoned on the front or embroidered on to a pocket. George Poles of Barrie Knitwear in Hawick, Scotland, carried on to this heraldic look and have transferred a design based on Hawick High School blazer badge on to their perennial "Higgins" cardigan. This season it comes in cherry red and forest green trimmed with collegiate stripes for a schoolboy prep look.

**Young fogeys will find replicas of school sweaters**

Jeremy Hackett has captured the young fogey market by selling the real thing: grandfather's cardigan, complete with mulligatawny stain for authenticity. He has two shops in Fulham and has just taken over management of those ultra-refined establishment outfitters, Cordings of Piccadilly.

Roger Seal of Mulberry will appeal to a more label conscious country weekender. His shop in Gorse Court, W1 may not smell of old leather and mothballs but the feel is very much P. G. Wodehouse, hunting, shooting and fishing. Mulberry's argyle sweaters are in muted shades of autumn and oiled fishing sweaters are knitted in deep burgundy, brown and charcoal grey.

A wintry idea from Jaeger is a lambwool scarf given away with every sweater bought from their menswear departments. To qualify for this freebie unifier you can choose from chunky wool sweaters in raspberry red or cream to heavyweight cable-knit Nordic patterned polo-necks.

**The feel is very much that of P. G. Wodehouse**

Malcolm Levene's shop in Chiltern Street, W1 is decidedly more yuppie than fogey. Levene describes this season's knitwear, which is mostly commissioned from Italy or France, as "New Classic". The designs are based on old knitting traditions, Fair Isle and Aran, but the colours are totally unexpected. Petrol blue and metallic grey blend in more with the streamlined rails of Malcolm Levene's shop, and the lighter-weight sweaters and waistcoats fit more neatly over tailored trousers or under structured jackets for townies.

A new shopping stop for men opened in London last week. Zy at 59 South Molton Street promotes the American prep style that go so well with a Filofax and executive swivel chair. For £33.95, aspiring professionals can pick up a sporty V-neck cardigan complete with go-faster stripes.

Rebecca Tyrrel



Muted burgundy, blue and green argyle slip-over, £49.50. Green and white cotton shirt, £42.50. Navy corduroy trousers, £35. All from Mulberry Company, 11-12 Gorse Court, W1. Tortoiseshell-rimmed spectacles, £24.95 from Dolland and Aitchison



Graphic patterned smoky blue, grey and black sweater, £119. Charcoal and blue check brushed wool trousers, £79, both from Malcolm Levene, 13-15 Chiltern Street, W1



Coat of arms marled grey heraldic patterned sweater, £40. Fine stripe crinkled wool trousers, £35, both by French Connection Connections, 55-56 Long Acre, WC2. Dickins and Jones, Oxford Street, W1 and Lewis's, Manchester. Photographs by CHRIS DAWES



Softest wool pale green cardigan, £235 and matching silk chiffon skirt. Both by Romeo Gigli from Browns, 27 South Molton Street, W1. Make-up: Debbie Bunn. Hair: Jaffa for Pierre Alexandre, 17 North Audley Street, W1. Photograph by MIKE OWEN

**Long and classic or oversize and fluffy: woollens are in tune with today's fashion**

Knitwear is quick to pick up a fashion stitch. The new mood - gentle, graceful and feminine - is best expressed in knit. The naked nape rises swan-like from a boat-neck sweater or a V-front cardigan. Attenuated woollens flow into soft skirts for a look that goes from day through to the quiet of the evening.

Romeo Gigli in Italy is the author of the fashion feel for the long, the grave and the plain. His dusty colours, simple shapes and flat wools are setting a style for classic knits. These are in contrast to the fluffy sweaters with padded shoulders that were Milan's earlier contribution to fashion knitwear; to cheery oversize sweaters in bright knitted cotton; to winter woollies relying on unusual yarns or stitchcraft to give surface interest.

**The most recent work is colourful and abstract**

Knitwear is for all seasons and all reasons, with many of the styles co-existing in the fashionable wardrobe. A newly opened exhibition at the Crafts Council emphasizes the "common art" of knitting, but the garments on display also show a continuous thread of fashion.

From the delicately stitched green and gold 17th-century jacket to the Edwardian woolly with its fashionably bulbous leg-o'-mutton sleeves, knitwear has adapted to the mode of the moment.

The exhibition is designed to provoke. Photographs and reportage from the past prove that knitting was often women's work rather than art or craft.

The large modern section should inspire Britain's 11 million hand-knitters. It includes tapestries of colour by knitting's guru Kaffe Fassett, bold flowers from Susan Duckworth, and Patricia Roberts's evocative South Sea Island fruits. The most recent work is colourful, abstract and sometimes experimental, like Susie Freeman's nylon filament knitting with sequins trapped in tiny pockets.

Designer knits is also the theme of a new book, joining the crowded shelves of imaginative pattern books. Designs from America's Perry Ellis and Joan Vass, as well as knits from our own Bill Gibb, are included in *Exclusively Yours*, a colourfully illustrated book by Frances Kennett, £12.95 from Grafton Books.

"Knitting: A Common Art" is at the Crafts Council Gallery, Waterloo Place, London W1, until January 11, and then at Shipley Gallery, Gateshead, and Yorkshire Museum, York.

### Spanish hat trick

Is milliner Graham Smith, whose clients include the Duchess of Kent, Princess Alexandra, Margaret and Diana, giving away some royal secrets? Graham, whose designs for Kangol have included the chirpy sailor hat for the Princess of Wales, designed to wow the Italian navy on her visit to Italy with Prince Charles, unveiled his latest collection last week. It was filled with Spanish *olé* matador hats in striking scarlet and black as well as Infanta confections in black tulle.

Diana is confidently expected to pay an official visit to Spain next year, as guest of the Wales's close friends Juan Carlos and Queen Sofia, and to boost a major British fashion promotion in Spain.

### PEOPLE

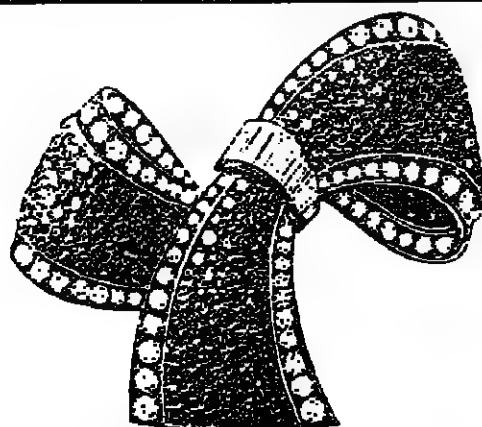
Also turning heads is Kirsten Woodward, star spotted by Karl Lagerfeld two years ago and creator of Diana's Paddington Bear sou'wester for the wedding of the Duke and Duchess of York. Kirsten, who studied millinery on a four-year course at the London College of Fashion, has agreed to share her secrets with us at Liberty next Tuesday for the *Times* shopping evening. Couturier Victor Edelstein has also taken up Kirsten Woodward, who might reflect that after designing cream-puff-and-eclair hats for Karl's famous *Patisserie* collection, her career has been a piece of cake.

I hear that British fashion students, who have given Jean Paul Gaultier some of his best ideas, have pulled off a *coupe royale*. Gaultier will brief students with his ideas for fabric design for this

year's Courtelle Award scheme. The Parisian designer, many of whose ideas were inspired by avant-garde student fashion, flies into London next week.

### Pats on the back

Energy minister Peter Walker in pin stripes, old school tie and Church's brogues, lived up to his title with a vibrant and rousing speech to the fashion establishment last Tuesday. The assembled throng, gathered together in the Hilton ballroom for the annual convention of the British Clothing Industry Association, was predominantly male, overwhelmingly business-suited, and pleased to be patted on the back by the government for creating jobs in manufacturing. Breaking the sartorial mood was Jean Muir in hoardstooth check, sitting with Royal College of Art rector Jocelyn Stevens representing art among the industrialists.



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## THE TIMES DIARY

### 30 years hard

The saga of barrister Nemone Lethbridge and convicted murderer Jimmy O'Connor has taken a new turn. The couple, whose marriage in the early 1960s cost Lethbridge her job, are to go to the European Court of Human Rights in January to try to clear his name. O'Connor, who won a last-minute reprieve from the gallows in 1942, served ten years in jail for a crime he says he did not commit. Now 67, he has received a letter from the Home Office saying that although his conviction was 44 years ago, the file on his case covers the period 1941 to 1971 and under the 30-year rule cannot be released until 2001. "I want the Court of Human Rights to force the Home Office to release the papers now," O'Connor tells me. Though the couple divorced in 1974, Lethbridge—who returned to the Bar in 1981—says she will back him all the way.

### Cahoots, mon

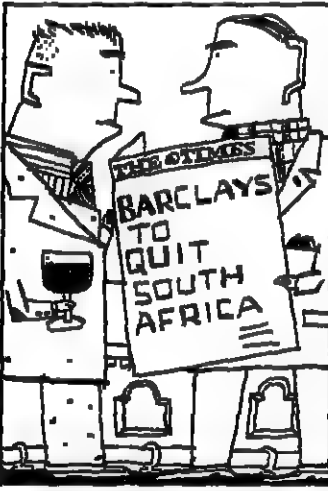
Following in father Patrick's footsteps, Bernard Jenkin has just been adopted as a Tory prospective parliamentary candidate. Not much hope of making it to Westminster after the next election, though: the seat is Glasgow Central, a Labour stronghold. Why has Jenkin, who sounds as English as they come, taken on the challenge? "I want to illustrate that people in the South-east haven't forgotten about Scotland. After all, the captain of Glasgow Rangers is an Englishman too," Jenkin tells me optimistically.

Trust Lloyd's to do it in style. For the official opening, the organizers bought up the entire stock of 1979 Vauxhall Cavalier—5,000 or so bottles. Appreciative guests downed the lot.

### Taken off

It doesn't pay to offend BA. Paul Maurice, aviation correspondent of the London radio station LBC, wrote a critical piece in this month's issue of *Executive Travel* casting doubt on the airline's ability to sail from privatization into profit. He ended with the comment that the chairman, Lord King, and the chief executive, Colin Marshall, "should call it a day after privatization and hand over to a new breed of dynamic management." BA replied by totally grounding Maurice, declaring him "beyond the pale" and withdrawing all press facilities. Nonetheless, Maurice says he intends putting the ban to the test by turning up at BA's Christmas party.

BARRY FANTONI



'But the rumour is they're still opening on Saturday mornings'

### Barclay backlash

Harry Philby tells me that the Federation of Conservative Students is to boycott Barclays Bank. The reason, of course, is Barclays' withdrawal from South Africa, deemed "guilty" by far-right Tories. Hasn't the FCS been abolished? Not until March, I am told—and there are still hopes that the Tebbit interdict can be lifted. A campaign to save the FCS is in the offing, with funds from wealthy sympathizers now being channelled through the right-wing pundit Sir Alfred Sherman.

### Telling

The Bristol company Signs on Wheels, which displays advertisement hoardings mounted on 75-ton trucks, will be glad that the British Gas campaign is finally over. When not on hire, the trucks bear the company name and the slogan "Telephone Martin or Sid." Needless to say, hundreds of Bristol wags blocked the telephone lines with a message for Sid—so much so that the trucks were locked away in the garage. Manager Martin Fawcett offered them to Peter Walker, the Energy Secretary, as part of the BG campaign "but he didn't want to know."

### On the mark

I am about to blow the final whistle on goalkeepers' nicknames. Only the most unstoppable of your mailshots will lead to extra time. I particularly enjoyed the appellation of a goalie for the Plymouth polytechnic side whose surname was Jacobus. His team mates called him "Crackers" since you have to be mad to play in that position; I also liked "Teflon" for the man whose hands were non-stick, and the now defunct sobriquet for the young Peter Shilton (England's Number One): Dracula, for the reason that he did not like high crosses.

PHS

# When the hassle got too much

Donald Woods explains the significance of Barclays' withdrawal from South Africa

Barclays Bank's announcement yesterday that it was withdrawing from South Africa is the result of several factors, including the long anti-apartheid campaign against Barclays for being such a major investor in the apartheid economy for so long.

This campaign has included the withdrawal by many students, municipalities and charitable funds of their accounts from Barclays over the past seven years, and has undoubtedly constituted an important part of what American corporations call "the hassle factor" in dealing with South Africa. In terms of this factor, when the financial returns from South Africa are outweighed by the related losses in other areas, the hassle isn't worth it.

Ultimately, however, the basic reason for the withdrawal of Barclays is that there are today some 44 million black Americans whose political leaders have adopted the anti-apartheid cause for the first time as a priority in American domestic politics. Inevitably this has been reflected in Congress, because there is no seat anywhere in the United States that is unaffected by the black vote. It has also been reflected in corporate policy, because no major American corporation can ignore the sensitivities of 44 million black American customers.

These developments have in turn affected American foreign policy; witness the quiet cremation of the "constructive

engagement" policy and the new readiness in Washington to do business with the African National Congress.

A further factor encouraging this tendency to drop South African business involvement is the fact that more than two-thirds of the world's people are "black" and are increasingly aware of and angry about apartheid, and that this affects relationships among the Commonwealth countries as well as the wider relationships among member states of the United Nations.

In short, the United States and the EEC can no longer afford to support most of the Third World for as worthwhile gain, and as a major bank with strong American and European relationships Barclays would have been foolish and unbusinesslike to continue swimming against the growing tide.

Withdrawal from South Africa will therefore take a lot of pressure off Barclays provided that is genuine and seen to be genuine. It will not be seen to be genuine if past lending patterns or loan restructuring services to South Africa are continued by Barclays under some other dispensation, nor do doubt the bank's chairman, Sir Timothy Bevan, will be fully

aware of the pitfalls of such a course.

Barclays' decision follows earlier withdrawals from South Africa by such American corporations as Polaroid, General Motors, IBM, Coca-Cola and Kodak. It will inevitably cause a flutter among the other British companies involved there.

The argument that involvement by foreign concerns in the South African economy is for the benefit of black South Africans has never been supported by black leaders there who are financially and politically independent of the government. All of the independent mass movements—the African National Congress, the Pan-Africanist Congress, the United Democratic Front, the Black Consciousness Movement and in Namibia, the South West African Peoples' Organization—have long and consistently opposed such involvement.

In these circumstances it has been seen as arrogant of non-victims of apartheid, such as white South Africans and conservative politicians abroad, to brush black opinion aside and claim to know more about what is in the interest of blacks than the blacks do themselves.

It has also been noted that

South African government representatives and their supporters abroad who claim the blacks will be the worst sufferers from disinvestment are not generally known to be persons long concerned with issues of black welfare.

As most black South Africans see it, according to those of their leaders who appear to have most support, they are in what appears to them virtually a war situation; that anyone who helps their enemy harms them, and that those most helped by foreign investment and participation in the South African economy are the whites who benefit most in terms of dividends and, in the case of the South African government, from corporate tax revenue.

When there is dispute about who their leaders are, black South Africans are entitled to say that until they are allowed to prove this openly by voting, the western world should assume what it does about such countries as Poland—that in a society which forbids most of its citizens to vote democratically, those leaders longest in power or most persistently persecuted must be taken to represent the wishes of the majority.

In Poland's case that means Lech Walesa; in South Africa, Nelson Mandela. And Mandela is for more than disinvestment. He is for full mandatory sanctions.

The author was formerly editor of the Daily Despatch, East London.

Glanville Williams on the flaw in plans to video child abuse evidence

## More humanity, Mr Hurd

The Criminal Justice Bill proposes live video links to enable children to give evidence in child abuse cases without the distress of testifying in open court and in the presence of the alleged abuser. The abuse will frequently have been sexual but may be purely physical. After the number of cases of abuse which have been brought to light by the BBC's *Childwatch* team—some causing mental anguish well into adulthood—we must give one cheer for that. Under the measure, as outlined by Douglas Hurd, the Home Secretary, at the Conservative Party conference, the principal courts will be equipped with video screens to enable all to watch and hear the child's evidence. Hurd's cautious proposal will save the child from going into the courtroom but lacks the important further advantages that would follow from a system of recorded evidence for child witnesses.

The live-link interrogation would still mean another grilling for the child, whose evidence would still be elicited in court by a lawyer and video-linked to the child who is in some other place. Questions will be asked by a prosecuting lawyer on a screen, perhaps in his full regalia; a highly insensitive way of extracting evidence from a child, particularly in a case of sexual abuse within the family.

Doubtless it is part of the plan that defending counsel will be able to cross-examine the child from counsel's place in court. A wise judge will allow counsel to shed the robes for the purpose, but other objections to formal cross-examination by this method will remain. The child should be questioned by one person seeking to arrive at the truth, not by two people, one trying to elicit his or her story and the other to dispute it. Moreover, a defendant is entitled to conduct his own defence; will he be entitled to cross-examine the child? The idea is preposterous.

The proposed procedure would operate only at the trial, which may be long after the incident, when the child has forgotten some of the details. Not only will the child's evidence lose some of its sharpness through the lapse of time, but it is highly undesirable that the child should be required to remember the incident longer than absolutely necessary.

By the time of the trial the child



will have been questioned by various people, perhaps in a highly unsatisfactory way. The rules forbidding leading questions in court may be nullified by astute leading questions asked before the trial, all of which would be revealed in a recorded interview.

The recorded interview could then be made available to the defence. In contrast, the live-link procedure would not enable the defendant to see for himself, before the trial, the full force of the child's evidence, and so would not induce him to admit his guilt and save the trial, as American experience shows that video recordings do. On the admission being made the prosecutor may be satisfied that alternative arrangements will justify the charge being dropped. Even if it proceeds, the court hearing will be greatly shortened by a plea of guilty, and the necessity for much distressing evidence avoided.

The video recording may enable the defendant to investigate and perhaps disprove the child's allegations. Professor Arne Trankell, in his book *The Reliability of Evidence*, described a Swedish case in which the sensitive examination of a boy complainant gave the questioner a lead that, when followed up, proved that the boy's evidence was mistaken. If the details of the child's evidence had come out for the first time in court, there would have been little opportunity to avoid a miscarriage of justice.

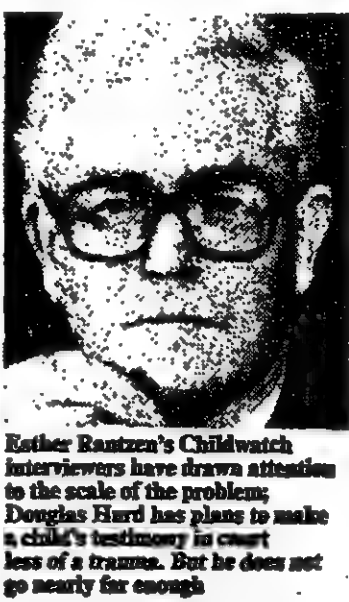
The proposed procedure would not save the child from having to

repeat the evidence if a new defendant was subsequently added to the proceedings, whereas the video recording retains its value in these circumstances.

In short, the Home Secretary's proposal fails to offer most of the significant advantages of video recording. Hurd's rejection of video recording was perhaps due to the unfavourable publicity given to recent remarks by a judge and a barrister; but these remarks may be understood as having been directed rather against the way particular interviews were conducted than against the practice of video recording itself.

Under a system of video recording the child's evidence is taken by a properly qualified and specially trained person (emphatically not in a police station). This person (who should always be a woman when the sexual abuse of girls is involved) may be the doctor (perhaps a police surgeon) who performs a physical examination of the child, or it may be a psychiatrist, paediatrician or other doctor, or a child psychologist or social worker; but the interviewer should in any case have considerable interviewing skill and the experience needed to understand the mental condition of the child complainant. She should also receive specialist instruction. She must, for example, know that leading questions have generally to be avoided.

This procedure should be used for all evidence by children for or against other persons, whether the child is the complainant or not.



Neither Rantzen's *Childwatch* interviews have drawn attention to the scale of the problem; Douglas Hurd has plans to make a child's testimony in court less of a trauma. But he does not go nearly far enough.

The defendant (if he has then been arrested or charged) could be enabled to attend with his lawyer and so sit behind a one-way mirror. The interviewer would be wearing a miniature ear-phone, so that the defendant's lawyer could suggest supplementary questions that he wished to put to the child. These requests would be included in the record for the court at the trial, so that the jury (or magistrates) would be able to check that the interviewer dealt as well as could be expected with the requests she received.

If the defendant has not been arrested at the time of the interview the defendant must be allowed to request a supplementary interview with the child, at which his questions are put to the child by the same interviewer, the whole being recorded in the same way as the first interview.

The proposal for recording the child's evidence which I put before the Criminal Law Revision Committee, unsuccessfully, many years ago (before video recording was invented), has never gained professional acceptance, because it would make a considerable departure from traditional procedure. But this is an occasion when the lawyers must shake themselves free from tradition. There is no valid objection to the video recording of evidence, and everything to be said for it.

The author, a Fellow of Jesus College, Cambridge, was formerly Professor of English Law at the University of Cambridge.

## Tribal rivalry adds to Kabul disarray

The circumstances and timing of President Babrak Karmal's sudden departure from office last week shed some light on the internal problems facing the Soviet-backed regime in Kabul.

Karmal effectively lost power in May when his younger colleague, Dr Najib, took over as secretary-general of the ruling PDPA (People's Democratic Party of Afghanistan). Najib was angered by the series of pro-Karmal demonstrations in the capital and suspected Karmal of encouraging his supporters to voice their resentment of the changeover.

Since May latent rivalry between supporters of opposed PDPA factions has erupted into open confrontation in Kabul, with many gunfights and bombings, most by the Khalq faction of the PDPA rather than the Afghan resistance. One recent car bomb almost killed a Soviet VIP.

The small Marxist party, formed more than 20 years ago, divided into two factions, Khalq (masses) and Parcham (banner), largely because of the rivalry between the Pushtun or Pathan-based Khalq and the more sophisticated, wider based Parcham grouping. After the 1978 coup that overthrew President Daoud the Parcham faction soon lost power to its Khalq rivals under President Taraki and Hafiz Ullah Amin. The Khalq faction has not forgiven the Russians for the 1980 invasion and imposition of the Parcham-dominated regime led by Karmal.

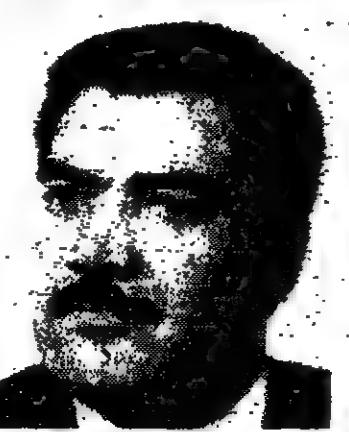
Moscow's replacement of Karmal should come as no surprise. As a veteran Afghan left-wing MP and politician of some standing since the 1960s, he had served his purpose in lending some credibility to the puppet regime formed immediately after the Soviet invasion.

But Karmal proved unable to achieve major Soviet goals. He failed to heal the sharp divisions within the ruling party and, after almost seven years, had made little progress towards winning international recognition of the regime or in getting a peace settlement satisfactory to Moscow.

As for the anti-guerrilla war, the Afghan army's performance has been so poor that unless morale and discipline improve the Kabul regime will remain dependent indefinitely on a heavy Soviet military involvement at present the 115,000 Soviet troops outnumber Afghan regular forces.

Dr Najib, former director of Khad, the powerful KGB-trained Afghan secret police, is a very different type from Karmal. He has the confidence of the Soviet advisers who pull most of the strings in Kabul, as well as the backing of Khad.

He has proved to be far more energetic than the ailing Karmal, flying to many provincial centres to rally support, and has tried to put new vigour into the task of crushing the guerrillas.



Najib: a tricky balance

techniques of counter-insurgency and the infiltration of Afghanistan's tribal and rural society. A Pushtun from the border province of Paktya (facing Pakistan's North-West Frontier province), he has had some success in winning over Pushtun (Pathan) tribes on both sides of the frontier. Pushtuns form the biggest nationality or ethnic grouping in Afghanistan and have long provided the rulers in this land of diverse races and languages. Above all, Pushtun tribes control the crucial Afghan border region with Pakistan.

Increased tribal co-operation and Soviet air surveillance has either blocked or made very dangerous some of the key border routes into Afghanistan. It has sharply increased the logistical difficulties of the guerrillas in

sending in arms and supplies to continue fighting.

Under Dr Najib there are signs of a distinct shift towards emphasizing the Pushtun nature of the regime. This is seen in its propaganda and greater use of the Pushtun language in the official media. Promotions to senior party posts have gone mainly to Pushtuns, some of them close allies of Dr Najib, while some important figures have lost out recently: notably the former defence minister, General Abdul Qader, a Tajik from Herat, who still has strong military links. In October he became ambassador to Poland.

These changes may be designed to appeal to alienated members of the party's Khalq faction, as well as some Pushtun nationalists, both trends are well represented in the Afghan armed forces.

At the same time, this heavy Pushtun emphasis seriously risks upsetting the many non-Pushtun members of the PDPA: Tajiks, Uzbeks, Hazars and others. Already facing strong opposition from the resistance, and with a claimed party membership of only 155,000, the PDPA can scarcely afford further internal divisions, but this seems to be the most likely result of upsetting the delicate balance of ethnic power within the party.

Anthony Hyman

The author's book, *Afghanistan Under Soviet Domination 1964-83*, is published by Macmillan.

Digby Anderson

## Feeling the pulse of America

New Orleans

"Here they have to bury the dead above ground. It's the wet. The ground's so soaked with rain and Mississippi water that if you bury them below, the dead literally rise again, their coffins bobbing back to the surface. Someone pointed out you could bury them below if you made holes in the coffins, but it never caught on. The relatives didn't take to the idea." There are apparently conventions in decay.

Should you, after the recent elections, pompously ask Americans what their main concerns currently are, they will do their best to imitate a newspaper and talk of the failing public schools and functional illiteracy, the depopulation of the Midwest, of drugs, uncontrolled Hispanic immigration and the Middle East. But there is another way—and a very easy one—to get an idea of real American concerns. In a country where many people talk very loudly and clearly to one another in public you simply eavesdrop: there is no need even to stretch or lean.

There's much talk of the weather but it is different weather talk with a generous sprinkling of technical terms about higher and basins and fronts. It's more dramatic—the wettest since dot and at incredible miles an hour and is vividly illustrated—that's how I heard the coffin tale.

But private matters are also available and at the same volume. The man at Memphis airport, delayed because of the biggest storm since dot, ignored it entirely. He was worried about his relationship. His wife refused to have a home help to clean the house; she needed one but always said no; why, she wouldn't even have one in once or twice to try it. This indicated she wasn't relating to him so he had gone to a seminar on relating and come back bursting with new ideas. She wouldn't discuss them. Just read the Sunday paper.

He had even brought back some tapes from the seminar on relating to play on the car stereo when they were driving to Nashville but she wouldn't let him put them on. She didn't seem interested in deepening their relationship. He was hurrying badly and so, he thought was Susie. He wondered if his business colleague, to whom he was relating this saga, would care to accompany him to the next seminar. He would be glad to.

They both should have taken up marathoning. The man in the airport shuttle at New Orleans did 20 miles every Sunday and after the first three hours did he feel

good. No, he didn't actually get a high but he did feel good. Marathoning was one of the four bases of a healthy life, the others being clean air, uncontaminated nutrients and trust in God. He was in town for the ophthalmology conference. There were, someone else said, 18,000 ophthalmologists loose. There certainly were a lot and you could watch as well as hear them: in St Louis cathedral listening to the archbishop explaining what the "Sailfish" should about at the Pope on his visit next year ("Long live the Pope?"; in the souvenir shops buying aprons emblazoned "Creole food—hot peppers make hot lovers"; in sober blazers, red ties and black trousers, gazing in at the jazz bars on Bourbon Street, their long veined bottoms twitching restrainedly to the beat.

Pairs of senior ophthalmologists who had managed to swing free trips for their wives, the ladies squeezed into shorts and all four trying to maintain conversation and progress past tap dancing black boys and a lady tending to restaurant customers in a vest but elegant crinoline, from the back of which protruded equally vast but very dirty running shoes.

One knew they were ophthalmologists because they helpfully kept on their badges, each with name and conference designation. Some, it is true, were not full ophthalmologists. One complaining about the spicy Cajun food in a restaurant was labelled not "doctor" but "health professional". Boy, that shrimp was so spicy she couldn't finish it. But she was glad she had chosen it and not the crayfish. At least she could have eaten it if it hadn't been so spicy but goodness knows how you eat a crayfish in its shell. "Could I have another Diet Coke with my shrimp?"

Are you bored with the health professionals' concern to eat at exotic restaurants without actually eating anything exotic, the deepening of relationships to fit the designs of cassette counsellors and the running obsessions of aging ophthalmologists? Then turn your chair a little: the lady at the next table is describing her operation. Tilt back and there is a 20-minute saga about career trajectories and divorce with full personal details, and someone, unseen, has just bought his 47th home in 20 years. His wife says if he moves again, to send a forwarding address—she'll leave him. Why anyone should need to ask what America is thinking, I wouldn't know.

The author is Director of the Social Affairs Unit.

A.N. Author

## Knife twist with a difference

I want to tell you today about my enemy, C.R. Itick, who over the years has delighted in doing to me and my work what I am now about to do to him. I have thought long and hard about the merits of dignifying him through the means of public abuse. I have debated the matter with my best friend, A.N. Other-Author, who counselled me against such a course, but I have ignored his advice.

C.R. Itick first came into my life when he delivered 854 words (I counted them all out and I counted them all back) of sustained damnation on my first novel, *The Soul of Mrs Saxby*, a "torrid chronicle of amorous fantasy in the suburbia of the late 1970s" (Sucker and Windbag, £5.95—remastered copies still available from A.N. Author for the price of a pint) in one of the "quality" dailies.

Other-Author's argument was that in the very act of deprecating a critic, you do obeisance to his influence. I take the point, but you see, this man Itick is such an out and out swine that these niceties become academic.

I happen to know that Itick himself had attempted a novel along similar lines; this much I gathered from one of his many disaffected girl friends, who promised that she would file the manuscript for me from the bottom drawer of his desk, where it presumably still languishes like a completely unviable whale. It is one of the great chagrins of my life that she has not yet delivered.

In punishing me for my admittedly modest initiative Itick was at the same time atoning for his own frustrations, and for this I will never forgive him. I have his review in front of me now, which is suitably yellow with age: "Author's portrayal of middle-age desire bears the stamp of one for whom all positive impulses have been subsumed by cynicism." He should know.

The greatest irony of all this is that I should now be writing about a man whose failure as an author was the single thing most responsible for his power over the likes of me. One of the reasons for which I ignored Other-Author's advice was that everyone in the business seemed to be so affected by Itick's judgements. He had merely to touch his forelock in the direction of an embryonic Amis and the young man's reputation was made; he had but to dismiss the meanderings of a late Kingsley and the old man's standing lay in shards.

One result of this has been to engender a really terrible duplicity in Other-Author: if he receives a good notice from Itick, he preens

about it mightily; if he gets a bad one, he dismisses it as the ramblings of an inconsequential and vindictive hack. I think it is quite wrong for Other-Author to have it both ways.

But that is not the point. I wanted to describe C.R. Itick to you, with a view to causing him pain, and I shall now do so. He has the nearest condition that a man can acquire to pregnancy, which has been brought about by a lavish expense account. He has to pull his shoulders back as a counterweight to the burgeoning belly, and holds his feet at an angle of ten-to-two in order to make the whole assembly roadworthy.

The other thing about him is that he is the most dreadful scrounger. I believe that he regards life as a train in which he enjoys the prerogative of the first-class compartment. The rest runs as follows: I (Itick) receive the licensed sampler of excellence in all its forms. Accordingly, I shall travel first-class to every literary junket, however distant, that invites me; above all, I will turn out of an evening to ingest critically the latest servings of the Roux Brothers; but all this I will do in order to service the trickle-down theory, which dictates that the quality of goods enjoyed by the rank and file depends on the quality of those at the top end of the market—in the same way that the family saloon is affected in due course by the development of the Formula One racing car; the only constant principle is this: if luxury, or hedonism, or any of their related gifts, are on offer, I demand the right of first refusal.

The other day I put this theory to a fellow-sufferer at C.R. Itick's hands. His first reaction, like that of Other-Author, was to wonder why on earth I was spending all this breath on the denunciation of someone who was unworthy of such attention. I then expounded on the theory of the train-as-life, *vis-à-vis* C.R. Itick, and my friend replied, as quickly as you please: "Maybe, A.N., but he didn't have to take the entire coach, did he?"

I suppose that a creature such as Itick never really deserved the space which I have accorded him here, until I think of the number of words that he has spent on me. I await with interest Other-Author's reactions to what I have just written. I suspect he will be full of magnanimity towards C.R. Itick and his dubious functions, and very ready to attribute the basest of motives to me. However, once Other-Author's next novel comes out (if ever it does) and Itick gets his hands on it, I expect all that will change.

Miles Kingston is in Burma.





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## BARCLAYS FLIES NORTH

"The Eagle Has Landed" was the somewhat unfortunate logo of a recent Barclays Bank advertising campaign in South Africa. It is safe to assume that in Johannesburg yesterday Sir Timothy Bevan's decision to sell off British interests in the bank at a bargain basement price to South Africa's giant Anglo-American Corporation was dismissed as "the chicken has run".

South Africans have become inured to the growing tendency of American-led multinationals to depart in response to a combination of international hostility and South African recession. But Barclays is in a different category to General Motors, IBM and Eastman Kodak.

As the biggest bank, and one of the oldest, in South Africa, it has played a long and vital role in the country's economic development. Even today it remains the largest financier of South African agriculture. But the shock goes deeper than that. There was always a sense in Johannesburg that British businesses, because of their greater understanding of the country through political and financial ties stretching back to colonial times, would be among the last to quit the South Africa.

That illusion has been shattered not by a sudden onset of virtue in the City, but because of the international character of banking today. Barclays is deeply involved in the competitive world of Ameri-

can finance where its South African ties have not been helpful. Third World pressure, too, meant that it paid for its South African presence with the loss of large and significant international loans. It is a price which the bank was no longer prepared to pay. So Barclays, like its American counterparts, has turned an economic necessity into a political virtue.

Just how virtuous it should feel, however, is open to question. True, it is withdrawing its funds at the derisory financial rate while sacrificing dividends at the much higher commercial rate. It is equally true that the financial assistance given by other divesting multinationals to enable South African management to purchase their companies has meant the short-term inflow of foreign capital. And the purchase of assets at bargain basement prices will mean invisible savings for the South African economy.

But the inflow of capital will be short-lived. As a developing country, South Africa needs access to foreign capital in the long term if it is to grow at the rate essential to employ, house and feed its growing black population and to introduce greater economic equity through both the marketplace and government welfare.

If there are losses over the long term, however, it will take only a short while before black employees in formerly multinational companies begin to feel the loss of aggressive

promotion schemes, fair employment codes and eventual jobs. South African management, relieved of the need to follow expensive social responsibility programmes, will now be likely to trim staff and wages in search of high productivity and profits.

Barclays has long been one of the better employers in South Africa, actively training and promoting black workers to senior positions. It has also taken substantial profits out of the country. If its fair employment practices are not to be seen with hindsight as hypocritical conscience money paid to soothe world opinion, it could acquire a little real virtue by plowing back some of those profits into assisting the black workers who will be hurt by its departure.

Taking a leaf from the book of those multinationals which have elected to remain, it could do worse than establish a trust fund to be used in the critically important areas of non-segregated housing, black teacher training, private non-segregated schools and black advancement in the informal business sector.

It was probably inevitable that the bank's international exposure and vulnerability to pressure would compel it, in the interests of its shareholders, to cut its South African ties eventually. But if the Barclays eagle has flown, a true concern for the interests of black South Africans requires that it leaves something more behind than a barren nest.

## TO FIGHT ANOTHER DAY?

President Corason Aquino's action in dissolving her cabinet and dismissing her defence minister is being hailed as a turning point in her administration. The myth is abroad that she has passed her first and greatest test and is now virtually unassailable. Little could be further from the truth.

Mrs Aquino has, it is true, shown political strength of an order which has been lacking in her government in recent months. She has also shown an instinct for personal survival. But she had earlier allowed an atmosphere of uncertainty to develop marked by rumours of coups and counter-coups.

Before the weekend, elements in the army had become restless as President Aquino persisted in her attempts to talk to the communist and Muslim insurgents. The murder and mutilation of a senior trade union leader brought left-wing sympathizers on to the streets in force. The killing of a respected Muslim leader threatened increased violence on the southern island of Mindanao. And the kidnapping of a Japanese businessman posed a threat to potential foreign investment.

Domestic and foreign confidence in the Aquino government's ability to preserve law and order, let alone pursue policies that would foster stability and future prosperity, was being undermined. There was need for strength. Whether in showing

that strength at the weekend, President Aquino was leading events, or merely reacting to them, however, is open to question.

In removing her Defence Minister and chief rival for power, Juan Ponce Enrile, she has conceded that the consensus which brought her to power is beginning to break down. She may have eliminated a host of potential problems. Mr Enrile's hand was seen behind many of the adverse developments of recent weeks. But she may also have stored up difficulties for the future. Mr Enrile now owes no allegiance at all to the Aquino government. He may prove more dangerous outside the government than within it.

President Aquino still has much running in favour of her administration. The tide of popular goodwill on which she rode to power has not abated. That much was apparent from the reception she was given when she announced her move against Mr Enrile. The Catholic Church, a powerful influence in the Philippines, is still on her side - though less unquestioningly perhaps than before - and she has judiciously cultivated it.

Most important, she continues to command the sympathy of most of the armed forces. They had a clear choice at the weekend between Defence Minister Enrile and President Aquino. General Ramos, the Chief of Staff, came down on

the side of Mrs Aquino and effectively kept her in power.

The price for this support remains to be seen. If it includes, as it appears to, a pledge by the President to break off talks with the communists unless they produce results, the army's misgivings about compromising with the insurgents will have been partially answered. The attraction of Mr Enrile's position will be diminished, and bored soldiers whose attention might otherwise be diverted into politics will be dispatched once more on counter-insurgency missions.

Abroad, the Aquino government's fortunes are still mixed. In granting additional aid to the Philippines, the United States has expressed its confidence in the new government. It has also given political support to Mrs Aquino in carefully timed disclosures about Mr Enrile's financial dealings. But Mrs Aquino's recent visit to Japan yielded little financial assistance and little political assurance. The most important economic power in the region seemed to be unwilling - as yet - to invest too heavily in a government still feeling its way.

The removal of Mr Enrile means that President Aquino has one less obstacle to pursuing the policies on which she came to power and one less excuse for departing from them. The future of the Philippines is now, more than ever, her responsibility.

## PRISONS AND POLITICS

Prison policy operates within severe restraints. At a time when crime rates and the prison population are rising, resources are limited by many other claims on public money which are a great deal more attractive and certainly have more weight with most citizens. To place spending on prisons above spending on the classroom or the hospital ward is, understandably, not most people's instinctive reaction.

But as a result, we now have overcrowding in antiquated prisons which operate on standards well below what most people would regard as reasonably humane. This is closely linked with an unresolved argument about what the object of prisons should be, and how it should be achieved.

In the 1960s and 1970s there was a fashionable belief that the major part of the function of prisons was the treatment of offenders with a view to curing them of their propensity to crime. The prison service was seen as in some way comparable to a medical procedure by which prisoners could be enabled to lead a useful life when they returned to society. That fashion has now waned and informed opinion has increasingly tended to be that whatever is provided in prison (as distinct from the fact of imprisonment) makes little difference.

To the extent that this is true, it leaves a kind of moral vacuum, which is dispiriting to prison officers who wish to be more than operators of the mechanics of keeping people locked up. It is comparatively easy to manage a regime for long-term serious offenders. But it is much harder in overcrowded local prisons with medium and short-stay prisoners, some of whom are only there for a matter of weeks, to cater for the wide variety of offenders, with, for instance, training.

Attention has been focussed on all these matters in a report by Mr Ian Dunbar, director of the Prison Department's South-West region, which emphasises the need to define its functions and tasks. "If rehabilitation is one major aim of the prison system, then the functions of the prison service must be defined to make it abundantly clear how to put rehabilitation into practice. Similarly, if punishment is another major aim of the prison system, then definition of the functions must include practical directives as to how best this is to be achieved, making it clear that the conditions of incarceration are not intended as a means of fulfilling the aim of punishment."

Overcrowding and bad conditions have clearly contributed to the increase of riots in prisons and the refusal of

prisoners to accept prison discipline. Yet too many people who are rightly concerned to ensure prison discipline are prone to speak as if they were indifferent to the conditions which undermine it. Similarly, advocacy of reform too often carries overtones of reluctance to accept the deterrent and punitive purpose of prison. Answers to overcrowding must include seeking a much greater clarity about who should be sent to prison, what for, and for how long.

A much clearer sense of objectives and moral values in the prison service, with a practical code of standards to implement it, is essential if imprisonment is not to be counter-productive. Unfortunately, government thinking seems restricted to trying to make things as they are work better. This latest report, one in a line of many, invites them to go back to basics. There is little sign that they will do so.

The Home Office reaction is that Mr Dunlop's is a personal report (true enough) to be fed into the policy-making machine for due consideration, which, alas, is probably all it will get. But for this 'the machine' is not good enough. Like all important questions, it is a political matter and ministers would be wise to bring their political thinking to bear on it.

## LETTERS TO THE EDITOR

### Awacs merits in airborne warning

From Mr Ben P. Pamplin  
Sir, The key point Sir Woodrow Wyatt missed in his article, "Why it must be Nimrod" (November 15), is that an airborne early warning (AEW) system should provide the earliest possible warning of attack. The E-3 Awacs (airborne warning and control system) flies higher, stays longer and looks further than any other airborne warning system. The resulting extra 10 minutes of warning is absolutely critical in air defence.

The key to this capability is the aircraft's powerful and accurate Westinghouse radar, with its large antenna and ability to see targets clearly at very long range and to discriminate between targets and clutter.

Boeing's 707 airframe was chosen so the radar and operating system design need not be compromised by airframe size and weight limitations unlike competing AEW systems. Continued performance improvements can be easily accommodated by the 707.

GEC's interest in the Lockheed Hercules for export sales is noted. But use of the Hercules airframe would entail very large further development costs and the prospect of viable export business on this basis must be very remote.

By contrast, Boeing's 130 per cent offset commitment to the British Government would be a contractual requirement to place high technology work throughout

a broad spectrum of British industry. Boeing and Westinghouse have demonstrated their capability consistently to meet and often exceed their offset commitments. Through the offset programme British industry will be given the most competitive and favoured course ever into the US defence and high-technology markets. Boeing will share with its British associates further export opportunities for the Awacs, some of which are already well advanced, with three other governments currently discussing the purchase of Awacs.

Rather than selling Britain's bright, as Sir Woodrow Wyatt suggests, the proposed new Anglo-American technical partnership will give a powerful stimulus to Britain's technological base. The Plessey/Westinghouse relationship, for example, is likely to set new standards in world radar technology.

A similar pattern will be repeated with many UK manufacturers throughout the country. This will soon be reaffirmed by the thousands of new jobs created by the offset programme should the Government choose the E-3 Awacs with its proven performance and reliability.

Yours faithfully,  
BEN P. PAMPLIN,  
Vice-President, London,  
Westinghouse Defence International,  
26 St James's Square, SW1.  
November 21.

### Role of warships

From Mr Hugh Hanning  
Sir, Your excellent letters by Lord Hill and Mr P. J. Freeman (November 18) stand well together. With luck, we could be on the brink of an overdue debate about not only the best kind of ships for the Royal Navy but also precisely what the Navy is for in the 1990s.

That debate surely belongs to the Foreign Office; but its defence department is too busy with arms sales and related matters to discuss strategy. "These ambassadors expect a frigate over every bloody horizon", one head of the Ministry of Defence complained to me. He meant that they give the Armed Forces 10 minutes notice in a crisis instead of 10 years.

My own belief is that in an era of East-West miscalculation outside Europe, there is a global role for Royal Naval ships in dispelling that miscalculation wherever it may arise. The *Endurance* showed

in the Falklands that one warship can make the difference between war and peace, and it could happen almost anywhere. For this political role the traditional blue-water escort is not particularly suited, but the short-fast vessel could be, especially if it is cheaper.

It may be that only the North Atlantic makes sense for the Royal Navy; but it is surely a terrible waste of an opportunity to conduct this expert controversy without identifying a peacetime as well as a wartime strategy into which to fit it.

Some in the Ministry of Defence blame the Navy for this lack of clear thinking. I personally don't, because defence should be the servant of foreign policy. But can we just have some agreement on whose job it is?

Yours faithfully,  
HUGH HANNING,  
18 Montpelier Row,  
Blackheath, SE3.  
November 18.

### Reactor safety

From the Managing Director of the Central Electricity Generating Board  
Sir, In the light of your report (November 19) that the Select Committee on Energy is to inquire into allegations, made in *The Times* of November 6, about the safety and costs of the Magnox nuclear power stations, your readers should know that work is now well in hand on developing equipment and procedures to remove and replace the two standpipes affected by corrosion in Reactor No 1 at Hinkley Point A, should that prove necessary.

In a statement published on June 13 last the Central Electricity Generating Board said it had the agreement of the Nuclear Installations Inspectorate to continue operating the reactor, provided the two standpipes were inspected again before the end of the year.

### Fight against Aids

From Dr R. P. Brettell  
Sir, The model counselling and screening service suggested by Mrs Kanabus (November 17) has been running in Edinburgh for the last 12 months. Whilst the majority of patients attending have been concerned with drug abuse, at least 20 per cent are not and have obviously chosen to attend such a clinic.

One of the original aims of this clinic was to divert individuals away from the blood transfusion service. Edinburgh also has a separate genito-urinary medicine clinic which provides a full range of services together with a counselling and screening clinic for the Aids virus.

### Records on tape

From Mr R. J. M. Perring  
Sir, Mr Patrick Isherwood (November 17) has done us all a service in pointing out the risk that Bernard Levin's latest book (*In These Times*) may be subject to illicit photocopying. Surely the logical way to prevent Mr Levin and other owners of copyright from suffering the deprivations brought about by such piracy is to impose a levy on the sale of all paper, to be paid over to the Society of Authors.

While we are about it, should we not also have a levy on all tools and implements which might be used in housebreaking, to be paid to the insurance companies? Yours etc,  
R. J. M. PERRING,  
27 Park Drive,  
Ingateside, Essex.  
November 17.

From the General Secretary of the British Evangelical Council  
Sir, I have no doubt that the music industry is losing revenue by illegal copying of recordings tapes as other correspondents have indicated in response to Mr Bernard Levin (November 10).

No one, I have drawn attention to, the extensive use of these cassettes by churches for recording Sunday services. They are then listened to at home or

used as a teaching medium for the Christian faith in house groups.

As presently envisaged churches would be required to pay the levy on blank tapes and then reclaim it on proof of innocent use. They will be lending their money to the levy agency until such time as they deem fit to return it, with any interest presumably going to the music industry. But if designated organisations like churches can be authorised to reclaim the levy, surely they can be authorised not to pay it in the first place.

Or perhaps the levy agency is planning to include preachers like me alongside Andrew Lloyd Webber and Madonna as those who will benefit from the money raised? Yours hopefully,  
ALAN F. GIBSON,  
General Secretary,  
British Evangelical Council,  
113 Victoria Street,  
St Albans, Hertfordshire.

From Mr Jim McCue  
Sir, David Best (November 15) is right to complain of the quality of pre-recorded cassettes.

Does the record industry object to those who, having bought an LP for its quality, transfer the music to cassette for listening to in a car? Yours faithfully,  
JIM MCCUE,  
32 Holmewood Ridge,  
Langton Green,  
Tunbridge Wells, Kent.

### History lesson to bear in mind

From Dr Martin S. Alexander  
Sir, I am interested in the new Institute of Contemporary British History mentioned in your leading article of November 3.

Initiatives intended to strengthen history's provision and status in school and university curricula, as well as providing a fresh forum for exchange of information or interpretation, widen access to the discipline and deepen understanding.

Two additional remarks seem necessary at this stage. First, I should wish to sound a cautionary note about excessive further specialisation in the recent history of this country in isolation. As it is, worrying evidence exists that school and university departments are predominantly concerned with British history (even if this is far from exclusively contemporary British history).

Measures which serve only to underline this existing emphasis, to the detriment of the study of the affairs of continental Europe and the wider world, would cause deep disquiet in much of the historical profession at a time when computerised communications, easier and faster travel, and the "shrinking globe" point to the value for us all to enhance our understanding and sympathy with histories, societies and cultures beyond these islands.

Secondly, your leader asserted critically that the contemporary past (which you defined as stretching from the day before yesterday to 30 years ago), is "ill served by historians... and ill considered by history students". The professional and responsible historian must object that the great bulk of primary sources on this "twilight zone" is hidden from him by the curtain of the "30-year rule", inhibiting our access to the Government archives on which we shall depend in substantial measure for "objective and balanced" studies of the kind you exhort us to produce.

There is, to my certain knowledge, no shortage of scholars hard at work researching and writing on the 1950s. To this, I wager, the queues at the Public Record Office seeking Suez crisis papers next January will amply bear witness.

To hasten scholarly studies of times more recent still you should, I submit, direct your strictures not at the historians but at the office of the Lord Chancellor, ministerial custodian of policy towards "public" records.

Yours faithfully,  
MARTIN S. ALEXANDER,  
University of Southampton,  
Department of History,  
Southampton.  
November 23.

### Financing the NHS

From Dr M. J. Weston  
Sir, The politicians tell us that doctors and nurses control 63 per cent of NHS costs and that a 1 per cent reduction in this would give another £70 million per annum; on the other hand, the cupboard in the Guy's casualty department is empty of slings (reports, November 5). How much more blood does the Government think can be squeezed out of the NHS story?

The Mid Essex Health Authority is trying to find ways of financing centralization of its hospital services on one site at Broomfield, and a year ago I made a proposal to purchase the Chelmsford and Essex Hospital, giving the authority the extra funds that it needs and the chance for a proper sharing of buildings and manpower.

A year later, still nothing has happened. Morale in the Chelmsford and Essex Hospital has fallen with the uncertainty about its future, and talented and trained nurses have drifted away.

Opportunities to inject capital into the NHS from outside must not be lost. There is nothing further to be squeezed out of the service as it now stands without further reduction in patient care. Yours faithfully,  
M. J. WESTON,  
Chelmsford & Essex Hospital,  
London Road,  
Chelmsford, Essex.  
November 5.

### Diplomatic immunity

From Mr J. G. W. Thring  
Sir, Last night's BBC2 programme highlighting abuse of diplomatic immunity in London, CD - *Beyond the Law*, demonstrates again, should that be necessary, the ineptitude of the Foreign Office.

To suggest that the community at large may have to suffer for the benefits bestowed by the principle of diplomatic immunity is possibly so, but to expect individual citizens to bear the brunt is grossly unfair.

A solution to the effects might be that the British Government be financially responsible for the results of the appalling behaviour of some foreign diplomats. Should a foreign diplomat or government not be prepared to surrender to the jurisdiction of the British courts, then they should be tried in *absentia* and if found guilty any damages awarded should be paid by the British Government. This might make the Foreign Office wake up to the problem and take action.

It would be interesting to know if British diplomats violate their host governments' laws around the world.

Yours faithfully,  
J. G. W. THRING,  
Rosslyn House,  
Dormansland, Surrey.  
November 15.



## ON THIS DAY

NOVEMBER 25 1791

The marriage was between Frederick, Duke of York, the second of George III's nine sons, and Fredericka, daughter of Frederick William I, King of Prussia (1744-1797).

### DRAWING-ROOM.

As we predicted, the DRAWING-ROOM yesterday at St James's was crowded with all the Nobility, elegance, beauty and fashion in town, and appeared not at all inferior to the most brilliant assemblage we have ever witnessed there.

The cause certainly justified the magnificence of the scene. The marriage of one of the expectant heirs to the British Diadem, with the consent of the Court, and the universal approbation of the public, was something new in the present reign, and so their MAJESTIES have every domestic reason to rejoice in the event, and the public consider the real relationship, by which the interests of this country are now connected with those of Prussia, a most happy circumstance, it is but natural to suppose that all parties would unite in paying their compliments of congratulation to the Sovereign and his family.

The Ladies, it being the RIGHTS OF WOMEN so to do, decked themselves out on this bridal occasion, in all that could tend to captivate the surrounding circle, and gain the attention of their new made illustrious fellow subjects.

"By a of elegance and polished show". Nor did this attention pass unheeded. Her Highness looked round with astonishment, but not with envy, at a selection of female beauty not to be paralleled in any other Court of Europe...

THE DUCHESS OF YORK  
The Princess is below the middling stature; her complexion delicate and pure clear; her person rather inclined to the slender point; but perhaps this is owing to her not wearing such tight stays as the English Ladies; her countenance, though not regularly beautiful, is animated and interesting, and she has good eyes. Her manners appear to be very amiable, and she shows a great share of good-nature in all her actions.

Her Royal Highness's dress was extremely costly, and she was profusely ornamented with diamonds. The body and train were of white satin, embroidered with silver spangles and trimmed with a silver fringe and deep point lace. The petticoat was of white crêpe simply embroidered, with silver spangles and full stones in ears and shells, and trimmed with a rich silver tasselled fringe round the bottom. Over the petticoat was a deep purple embroidered by her Royal Highness. The dress was further ornamented with festoons of white satin roses and silver oak leaves. Large bouquets of white roses and silver wheat-ears hung over the drapery, and were tied up with silver cord and tassels.

On the whole, her Royal Highness's dress was more magnificent than last, for it appeared over-loaded with embroidery. The jewellery worn by her Royal Highness was extremely costly. It consisted of a very superb peckle of pearls in large festoons, elegantly fastened together in three places with large brilliant of great value; her Royal Highness wore likewise a large bouquet, composed wholly of diamonds, which we understand Mr. Jefferies, the jeweller, sold to the KING OF PRUSSIA.

LADY ASHLI  
Was far the most elegant and best dressed Lady at Court; she wore a white satin dress, richly ornamented with gold and velvet. Over the petticoat hung wreath of oak leaves and acorns and the bottom was trimmed with a rich tasselled fringe...

"We have only noticed those Ladies' dresses which appeared new to us, and made up for the occasion. There were but very few new suits of cloths, though the Ladies were, in other respects, dressed in a very splendid manner, and went to Court in the full state of a Birth Day. Coquelicot, or poppy, was the colour most worn; the caps were of white and black velvet, in the shape of a helmet, and ornamented with feathers and coquelicot coloured flowers..."

### Competitive sport

From the Headmaster of Queen Mary's Grammar School, Walsall  
Sir, Your leader, "A question of sport" (November 17), failed to mention that success in competitive team games is not possible without cooperation and unselfishness. These are educational benefits which the anti-team sports lobby would do well to ponder.

Yours faithfully,  
K. G. HOWARD, Headmaster,  
Queen Mary's Grammar School,  
Sutton Road,  
Walsall, West Midlands.

### Murky waters

From Mr Val Sharmam  
Sir, It would seem that England is more fortunate than Germany in the matter of river pollution (Dr J. J. Grant's letter, November 15). In my junior geography class of yesterday in Lincolnshire we were made to chant the following dirge:

The Witham, the Welland, the

Neuse, Ouse and Glen

Are five British rivers that flow through the Fen.

They are, we are told,

As clean as can be

Since they go through the Wash

Before reaching the sea.

Not perhaps up to the standard

Of Mr Colridge, but we do seem

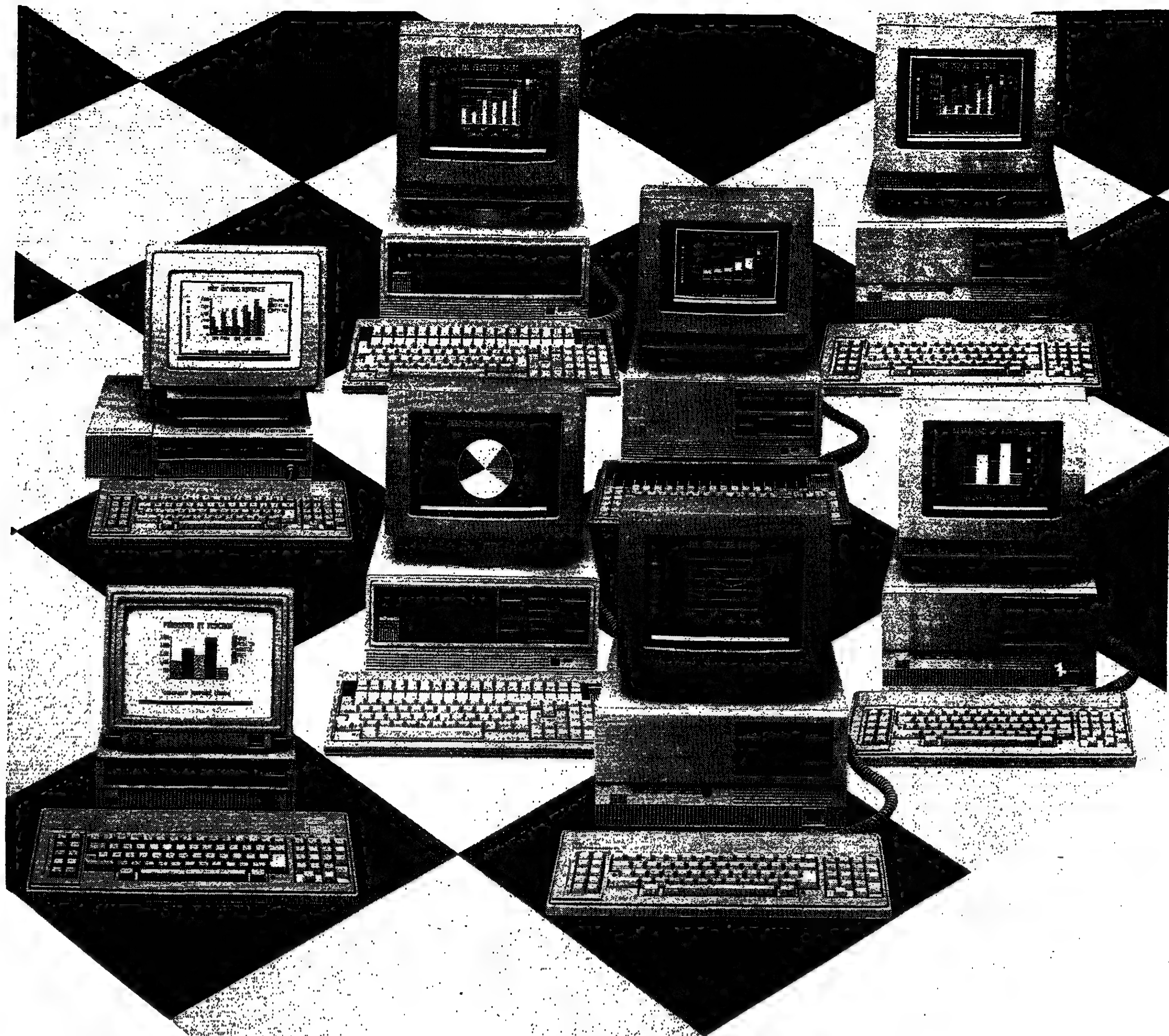
to have an advantage over the

unfortunate Rhine dwellers.

Yours faithfully,

VAL SHARMAM,  
119 Manor Road,  
Mitcham, Surrey.





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## Desktop finally comes of age

This month could well be remembered as the one in which desktop publishing, or DTP as it has been dubbed by the industry, moved from the world of fad to an established sector of the computer industry.

DTP is generally understood to be the business of getting people to produce entire business reports and newsletters using a personal computer, special software and a high-resolution laser printer.

Big microcomputer hardware and software firms such as Apple, Apricot, Microsoft and Dataproducts have been falling over one another in recent weeks to make clear their commitment to this growing niche market.

Numerous seminars and desktop publishing shows have resulted.

The British firm Apricot is the most recent entry with its desktop publishing systems based around the Apricot Xen-1 PC. Apricot believes so heavily in the importance of DTP that it has established a new division devoted entirely to packaging and selling such systems.

"The PC desktop publishing solution will revolutionize document production in the same way spreadsheets revolutionized financial planning a few years ago," claims John Lettich, director of the new division.

Apricot's system — like those from Apple and others — starts at about £6,000 for a setup that includes a Xen-1

### THE WEEK

By Geoff Wheelwright

computer with laser computer printer and desktop publishing software.

Despite the excitement desktop publishing has generated among manufacturers and software companies, it is not clear yet whether there is the same degree of interest among the general computer-buying business community.

Some in the computer industry — notably those adopting a cautious approach to DTP — suggest that desktop publishing will be a very short-term market, until companies traditionally involved in the word-processing software market get round to putting DTP-style features in their applications.

To some extent that has already happened, with Lotus, Microsoft and Micropro all announcing laser-printing and DTP-style support for all their new word-processing packages.

But some, such as Microsoft, are hedging their bets by supporting DTP as well as new high-powered word-processors.

Microsoft last week announced a deal with Aldus UK to try to establish a desktop publishing standard for the IBM PC and lookalikes, such as the Amstrad PC1512.

The centrepiece of the agreement is to promote the use of Microsoft's Windows picture-oriented operating system with the PC version of Aldus Pagemaker desktop publishing software.

"We estimate that over the next 12 months, no fewer than 20 different manufacturers will announce DTP systems," says Microsoft marketing manager Fiona Kelly.

Ironically, the biggest competition Microsoft will face is the Apple Macintosh implementation of Pagemaker which has, so far, virtually been a runaway success for both Apple and Aldus, helping to restore financial health to a once-troubled Apple and making a name for Aldus as the software leader in the DTP market.

Events  
Micros in Design, Design Centre, Haymarket, London SW1, now until December 19 (01-839 8000)  
People and Technology, Queen Elizabeth II Conference Centre, Westminster, London, today until Thursday (01-727 1929)  
CIMAP — Factory automation, National Exhibition Centre, Birmingham, December 1-5 (01-891 3426)  
Interactive Video, Metropole Hotel, Brighton, December 9-11 (01-847 1847)

## A standard for professionals

### TRAINING

By Eddie Coulter

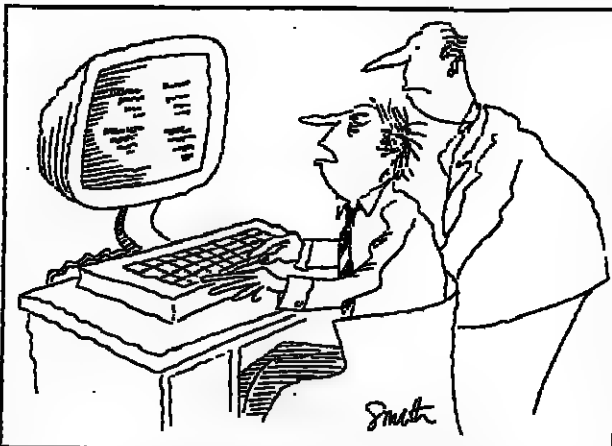
A new initiative, aimed at providing a formal training and career development programme for computer services staff, is being finalized by the Computing Services Industry Training Council, COSIT.

The move has been discussed with the British Computer Society, the Institution of Electrical Engineers and the Engineering Industry's Training Board.

Its aim is to provide a qualification standard of professional status in information technology similar to that of a chartered engineer.

A draft report outlining the scheme is being studied by a COSIT working party consisting of senior representatives of the computing services industry. After refinement, the recommendations will be circulated to the 200-strong membership of COSIT with the aim of official adoption by early next year.

It could prove to be a valuable standard for data processing as a whole, steered by the high quality software sector of computer services. Leading organizations are



"I've fed it all my qualifications and CV and all it comes up with is an endless list of drole offices!"

represented through COSIT such as British Airways, Olivetti, CAP, the Corporation of Lloyd's, Coopers & Lybrand, Digital Equipment, GEC, Logica, Plessey, STC, Thorn-EMI and the Trustee Savings Bank.

Adoption of a new formal business qualification providing letters after an individual's name has been sought for information technology staff for a number of years.

The nearest recognized qualifications that exist — membership of the BCS or the IEE — do not reflect the

mainstream activities of many of today's computer services people, particularly in software development and the associated management skills needed.

"The computing services sector has recognized the need to stimulate immediate recruitment and establish career standards for staff," says Gordon Ewan, director of COSIT.

Computing services is one of the fastest growing sectors of the economy generating £1.5 billion in revenue in 1985. Including autonomous

computing centres it employs 90,000 people.

The new training standard proposes a combination of formal and informal training, coaching and related work experience.

The scheme will be open to entrants of organizations which, in COSIT's opinion, provide the necessary environment to enable participants to receive the desired standard of training.

No specific educational qualifications will be needed, although the recommended programme is aimed to provide a certified standard at the end of four years considered achievable by participants of graduate level ability.

Technically, everything from computer languages through communications and data bases to expert systems and structured methodology, will be covered. Progress will be monitored by COSIT with approved supervisors in companies and the maintenance of detailed working log books by participants.

Already operating a pilot grant-aided training programme backed by the Manpower Services Commission, COSIT hopes that the new professional programme may also attract MSC grant aid

## Wang the younger becomes top man



Frederick Wang: strategy and products in line

Wang Laboratories has announced that Frederick Wang, the 36-year-old son of its founder, had been named president of the US maker of computers and office automation equipment.

An Wang, 66, the company's chairman and chief executive, has been serving as president since last year after John Cunningham resigned.

Mr Cunningham was said to have left because he felt he had no chance to become chief executive since the younger Wang was widely viewed as his father's successor.

An Wang said he had no plans to retire and would

### PEOPLE

continue active participation in the company as chairman and chief executive.

His son has been with the company for 14 years, most recently serving as treasurer, a post he will retain, and executive vice-president.

Wang Laboratories has been under pressure in the

hotly competitive computer business. During the last quarter it reported a £20 million loss. In the current quarter, Frederick Wang said: "We continue to see the quarter as a tight-demand marketplace, but it's a little early for us to comment on results."

He added: "The key thing right now is that we've got our strategy in line and our products in line."

The younger Wang will take responsibility for all principal line functions, including

world-wide marketing, sales, service and support operations as well as manufacturing, treasury and research and development, the company said.

He is a graduate of Brown University and has held a number of management positions with Wang since he joined in 1972. He has been a director since 1981.

In its last fiscal year, Wang had revenues of \$2.64 billion. But it dreams of becoming a \$5 billion company.

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## COMPUTER HORIZONS/2

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COMPUTER HORIZONS/3

# Important sounding titles can mislead

Beware the job title. It is becoming increasingly known for some companies to create bogus but important sounding titles — or prospects of titles — in order to attract staff.

Though by no means applicable to the majority of jobs in the computer industry it is particularly true for one particular job title description advertised — that of the project manager.

Recent recruitment advertisements for this elusive animal indicate just how much the master of data processing disguise a project manager must be.

Salaries indicated are from £12,000 to £35,000 per year or more. Even allowing for regional and size of company differences, why such a disparity for what seems to be the same type of job?

A glance at the requirements stated for such posts, reveals the answer. Take some hypothetical advertisement typical of those appearing recently.

1. Project manager to lead a small team of young programmers developing applications for 'X' computer in a progressive distribution company. Three years of knowledge of X system programming and analysis plus some supervisory experience needed.

Knowledge of distribution beneficial but not essential. Salary £12,500 p.a.

2. Project manager for sales and marketing department of leading 'Y' manufacturer. You will apply the latest technology using an 'X' system to develop and manage systems to produce information in support of the sales function. A sales background would be helpful. Salary £26,000.

3. Project manager in major insurance company responsible for definition, scheduling, budgeting and leading the development of information systems requirements.

You will need to be a graduate who has had formal training in business disciplines and project management. A track record of team leadership and successful implementation of projects is required.

A good understanding of data processing and information technology is also needed, but is less important than proven management skills and knowledge of the insurance business. Salary £35,000.

Three jobs for three entirely different salaries and roles, yet all with the same title. Which is the project manager? The third job is without doubt. The second, maybe — or could equally be manager of marketing information systems. The first job seems unlikely and may be better described as systems and programming team leader.

Yet in a sense all three jobs require the management of projects. So is the title right or wrong?



Mike Cordingley, Director of Personnel Resources Hoskyns Crair

Real project management involves defining the objectives of a project, and its effect on, and operation within, the organisational structure of a company.

Each project outside then requires a detailed plan which must establish the work principles and people involved, the schedules of implementation, structure of resources and facilities and also the costs of each activity level.

If the project itself is within the computer environment, then naturally an understanding of information technology and the IT life cycle is needed. If the project is, say, in an IBM installation, then specific knowledge of IBM main frames will be valuable.

Bearing in mind that project management is a discipline within itself it becomes a function of responsibility within a job or the job itself.

"We tend to think of everything as a project," says Michael Cordingley, director of personnel resources at Hoskyns. "It is a function of whatever grade a person is at. You can, for example, be one person managing your own project."

"All of our professional staff are given formal training in project management and may well be project managing whether they are a technical consultant, principal consultant or director of the company."

## A cheaper way to spin a disc

A West German maker of compact discs said today it has developed a process which would slash the relatively high cost of making the records.

But demand for compact discs, which reproduce music and are increasingly being developed to store computer data, is outstripping supply so there is little chance that prices will fall now.

Teddel Schallplatten said its new Direct Metal Mastering technique meant that compact discs could now be made at traditional cutting studios and record plants. It said it did away with a need for clean room conditions, like those in an operating theatre, needed until now.

Compact discs have involved investment in processing plant ten times higher than for conventional black vinyl records.

A compact disc stores sound or information as a digital signal which is then decoded by a laser beam in a compact disc player. The signal can give exact reproduction of the original recording and is not affected by scratches to the surface.

## Protest looms over chip prices

### COMPUTER BRIEFING

Under pressure from US government officials, the Japanese government has ordered Japan's semiconductor makers to raise sharply the price of chips they sell to Europe, Southeast Asia and South America. Already this week several of Japan's semiconductor manufacturers have raised their prices between 10 per cent and 50 per cent depending on the type of component.

The move seems likely to raise protests among users of chips, both in Europe and the US. European officials have complained that their countries should not be forced to pay higher prices for the components — simply to help US industry. The US, they argue, has attempted to enforce a worldwide price increase by insisting that Japan not sell components at market prices to third parties.

### Electronic yellow pages

For years, computer manufacturers have been talking about the imminent arrival of CD-ROM, compact discs that can hold more than 540 million characters of data in "read-only" memory. Grollier Publishing has already put an encyclopaedia with 30,000 entries on one disc, but other consumer applications are rare. Now Sony has snatched the four-volume Tokyo yellow pages on to a single three-and-a-half-inch disc. "Less than that, really," says Hideaki Arai, manager of the company's CD-ROM sales division. "It really takes up about a quarter of the disc." Asked to provide a listing of sushi restaurants in the city, the CD-ROM took about a second to come up with 8,170. In most cities the search could be limited to a restaurant on a specific street.



Professor Donald Michie, left, is one of the gurus of artificial intelligence. He is also co-founder of Intelligent Tutoring, a software house specializing in AI software, which has produced Superexpert — an expert system for PCs and compatibles. At £700 it works by producing rules based on example decisions put into the system by an expert in a particular field which can then be used either to duplicate the expert or as a backup device.

### Shutting out terrorism

Computer installations are increasingly being seen as potential targets for terrorist attack judging by the sort of products available to protect them. Earlier this month three bombs exploded at IBM's Heidelberg research plant with more than £1 million worth of damage. Now the Berkhamsted-based Camor is importing a West German bullet-proof roller shutter that can stop machine gun bullets, screwdrivers, jemmy and hammers to prevent unauthorized access and, says the company, meets Germany's testing standards "for protection against fire from class M1 weapons without bullet penetration".

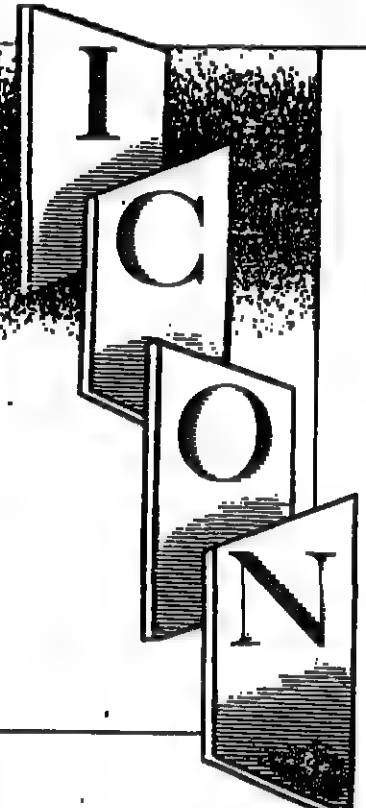
### Crossing wires at Kodak

A newly hired Eastman Kodak worker in the state of New York has been accused of using a computer in his home to disable nearly 4,700 telephone lines feeding the company's largest manufacturing plant. Robert Versaggi, 30, pleaded innocent to a charge of second-degree computer tampering. Mr Versaggi allegedly used a computer at his home to gain access to the telecommunications system at the Kodak Park manufacturing complex and shut down the telephone access lines. The incident happened just nine days after a new state law designed to prosecute people who tamper with computer systems went into effect. Under the new statute, Mr Versaggi faces six months in jail if convicted.

## WHATEVER YOUR DP BACKGROUND — CALL US

ANALYST PROGRAMMERS/COMPUTER AUDIT	CITY	TO £18,000 + BANKING BENEFITS	TRAIN IN 4GL RELATIONAL DATABASES	LONDON	TO £20,000 + MORTGAGE SUBSIDY
One of the world's leading banks with extensive involvement in all aspects of international and domestic banking. The large DP department consists of a variety of specialist teams. The Analyst Programmer is responsible for the development and maintenance of computer systems for general and group within the bank. The work will involve producing detailed specifications, developing and testing programs and having to interact with DP and audit staff. It will be necessary to provide advice and support to the audit division with regard to hardware and software issues.					
Second knowledge of a cross-section of data processing techniques — programming, systems analysis, in PL-1 and Pascal, and a good knowledge of the business of banking and its associated systems. Candidates with other relevant skills are also invited to apply.					
These positions will be of interest to computer professionals looking for an imaginative change in their career. They provide a golden opportunity to gain experience in many aspects of future progress. A very attractive salary package is offered including the usual banking benefits.					
REF: TD 2290					
SISTERS ANALYSTS/RETRAIN TO IBM	LONDON	TO £18,500 + BENEFITS AND RELOCATION	EXPERIENCED GRADUATES/ANY HARDWARE/SOFTWARE	LONDON OR OTHER SITES	£12K-£22K + CAR
Computer, IBM and Mainframe user based in the City utilizing the latest technology for both technical and business solutions.			Extensive, most advanced International Computer Services Company with a United Client base in the Financial, Industrial and Commercial sectors in the Country and Overseas.		
Systems Analysts to be responsible for the development of on-line and database systems — financial, commercial and industrial. Consultant and professional people are required who can develop and install systems successfully in a business environment.			Proficiency: PROGRAMMERS, ANALYSTS/PROGRAMMERS AND PROJECT LEADERS to design, develop and maintain COBOL/PL-1 programs. 55% of the work will be development. The other will be a Systems Programmer to lead a small team and to be responsible for the development and implementation of systems. An Analyst is also sought for producing a new financial system.		
Experience: A minimum of 2 years in Data Processing ideally from within a DEC VAX environment, although other mainframe experience will be considered. Good programming and analysis skills are essential but more importantly a strong personality and good interpersonal skills are essential. At the moment level, team leading experience would be an advantage.			Experience: YOU MUST BE A GRADUATE with a 2:1 or better qualification with a first class honours degree in a relevant subject. Experience in the last three years must include: maintenance, repair or minor development of 100,000 lines of code for the IBM mainframe in COBOL, PL-1 or PASCAL. This experience is an added bonus.		
Salary: This is an opportunity to start your career with a company which offers a wide range of career progression opportunities. Benefits include a generous relocation allowance, bonus, and a pension scheme.			These positions are for EXCEPTIONAL INDIVIDUALS who will enjoy exceptional rewards. Aged 18 and over, you must be a graduate with a 2:1 or better qualification with a first class honours degree in a relevant subject. Experience in the last three years must include: maintenance, repair or minor development of 100,000 lines of code for the IBM mainframe in COBOL, PL-1 or PASCAL. This experience is an added bonus.		
REF: TD 2281					
ANALYST/PROJECT LEADER/ANY HARDWARE	BERKSHIRE	TO £18K + HIGH MARKET SUBSIDY + RELOCATION	BUSINESS ANALYSIS/BANKING	CITY	TO £18,000 + BANKING BENEFITS
One of the world's largest Mainframe Manufacturers showing consistent growth and strong stability and excellent opportunities in line with this.			World renowned subsidiary of a leading international banking corporation. The DP department oversees the IBM mainframe technology with a network of 100 P.C.s. Recent expansion of the department has resulted in the need for additional computer professionals to join the team.		
Position: To work within a full Analyst/Project Leader role from initial conception through all stages to full implementation. This work will encompass developing both technical and financial areas utilizing latest DEC equipment and VAX systems.			Business Analysts are required to work on a variety of applications development, on IBM System 36/38 and on a variety of other systems. The work will be largely development for systems which are used by users within the bank. The work will be largely development for systems which are used by users within the bank. The work will be largely development for systems which are used by users within the bank.		
Experience: A minimum of 2 years in Data Processing ideally from within a DEC VAX environment, although other mainframe experience will be considered. Good programming and analysis skills are essential but more importantly a strong personality and good interpersonal skills are essential. At the moment level, team leading experience would be an advantage.			These positions are for EXCEPTIONAL INDIVIDUALS who will enjoy exceptional rewards. Aged 18 and over, you must be a graduate with a 2:1 or better qualification with a first class honours degree in a relevant subject. Experience in the last three years must include: maintenance, repair or minor development of 100,000 lines of code for the IBM mainframe in COBOL, PL-1 or PASCAL. This experience is an added bonus.		
Salary: This is an opportunity to start your career with a company which offers a wide range of career progression opportunities. Benefits include a generous relocation allowance, bonus, and a pension scheme.			These positions are for EXCEPTIONAL INDIVIDUALS who will enjoy exceptional rewards. Aged 18 and over, you must be a graduate with a 2:1 or better qualification with a first class honours degree in a relevant subject. Experience in the last three years must include: maintenance, repair or minor development of 100,000 lines of code for the IBM mainframe in COBOL, PL-1 or PASCAL. This experience is an added bonus.		
REF: TF 3847					
D/FORTNAN PROGRAMMERS/ANY HARDWARE	CITY	£12K-£17K + BENEFITS	RPS I/II PROGRAMMERS	SURREY	TO £20K + CAR
One of the largest and most successful privately held security trading firms employing the most advanced and efficient valuation and trading methodologies. Head Office is based in Chicago with offices on all major exchanges.			Our Client is a dynamic and rapidly expanding Computer Consultancy and Software House, with a strong reputation in Surrey and Herts. Considerable growth is planned for 1987 including development of the latest state-of-the-art communications systems in the System 36/38 range.		
Position: Programmer to develop financial systems utilizing the latest database technology and local area networks, working as an integral part of a small team. This could eventually lead into management.			Experience: A minimum of 18 months D/FORTNAN experience gained on mainframe or microcomputers from any application background. Knowledge of live and live data systems would be an advantage as would database techniques. Full training will be given where required.		
Experience: A minimum of 18 months D/FORTNAN experience gained on mainframe or microcomputers from any application background. Knowledge of live and live data systems would be an advantage as would database techniques. Full training will be given where required.			These positions are for EXCEPTIONAL INDIVIDUALS who will enjoy exceptional rewards. Aged 18 and over, you must be a graduate with a 2:1 or better qualification with a first class honours degree in a relevant subject. Experience in the last three years must include: maintenance, repair or minor development of 100,000 lines of code for the IBM mainframe in COBOL, PL-1 or PASCAL. This experience is an added bonus.		
Salary: This position would suit someone who is self-motivated and with the mental agility to work in a fast moving environment, where the rewards are extremely high.			These positions are for EXCEPTIONAL INDIVIDUALS who will enjoy exceptional rewards. Aged 18 and over, you must be a graduate with a 2:1 or better qualification with a first class honours degree in a relevant subject. Experience in the last three years must include: maintenance, repair or minor development of 100,000 lines of code for the IBM mainframe in COBOL, PL-1 or PASCAL. This experience is an added bonus.		
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— Teamwork —



## HORIZONS

A guide to  
job opportunities

# And the forecast tonight...

They could have arranged better weather for my visit. It was pouring with rain when I arrived at the Meteorological Office in Bracknell, Berkshire.

The Met Office is a Ministry of Defence establishment, part of the Air Force Department - not because it does work for the Armed Forces - but for historic reasons. As the RAF expanded immediately prior to the Second World War, a bigger meteorological service was required.

Bracknell is the headquarters, employing about 1,000 staff, with a further 1,500 scattered throughout the UK as far afield as the Shetlands and Cornwall. Most people think of the Met Office in terms of weather forecasting, but it has two roles: forecasting and research - in meteorology, geophysics and into better methods of retrieving and interpreting information.

One example I was given was that of the much improved pictures now available on TV weather forecasts, due to computer enhancement of pictures.

Weather - and the problems it can cause are international. It must be one of the few topics on which international cooperation is readily given and one area of research to which several countries contribute expertise and expense rather than duplicating effort.

To provide forecasts, accurate observations at both ground and atmospheric levels are essential. Some are made by eye; others by the latest technology. The Met Office has varied

### One of the few areas of true international cooperation

sources: automatic weather stations, manned land stations, four thunderstorms tracking centres and ocean weather ships.

The Merchant Navy, coastguard service, civil and military aircraft too, rely information to the Met Office. Then there are radiosondes (packages of instruments carried to a height of 20 or 30 kilometres by balloon). All the data is sent to Bracknell for analysis and interpretation.

That is in the UK. Cooperation is truly international. In the World Meteorological Organization, Washington, Melbourne and Moscow are the primary data centres. Bracknell and Washington are the primary forecasting centres.

Bracknell, as an "important regional hub on the main trunk circuit of the meteorological system" is also responsible for coordinating data from several European countries and weather ships and for relaying information between the USA and other European "hubs."

Information is exchanged in a standard international code - and very quickly. An observation taken at Heathrow can be around the world in minutes. Costs are spread. Satellites - polar orbiting or geostationary (at fixed points 36,000 kilometres above the equator) are paid for largely by the American and European space agencies.

### Weather, and the many problems it can cause, are international. The climate is one of the few areas where there is real cooperation between nations. Beryl Dixon examines a career at the Meteorological Office

Our Met Office college has students from all over the world, and one Chinese meteorologist is on secondment at Bracknell.

Who is all this information for? A surprisingly wide range of customers use the UK Met Office. It is the state meteorological service and as such is responsible for providing a service to government departments.

The RAF has remained one of its leading users, as is the Army, although the Navy has its own meteorologists, using Met Office-supplied information. It is fairly well known that the BBC weather men and women are Met Office staff.

TV companies in contrast employ their own forecasters, but many of the presenters seen daily on the screen have Met Office backgrounds. Though the Met Office has remained part of the MoD, it has been under orders from a parliamentary committee to become more commercial.

As a result it is no longer simply a spending department but recoups a proportion of its budget in fees. Tailor-made services are provided for industries for which long and short range weather forecasts are crucial: aviation, shipping, building, agriculture and gas and electricity.

You might not consider gas as a particularly weather sensitive industry until you think of the operation and safety of offshore platforms in the North Sea or the advance information needed to coordinate gas supplies in cold weather.

Other clients include local authorities who need to know when to grit roads, farmers whose entire livelihood is affected by weather, builders with scheduling problems and the transport industries.

The public, of course, has access to general forecasts through radio, TV, Press and now Teletext. The weather people, incidentally, are proud of their record. They know they are remembered for the occasions when they get it wrong, when it did rain on the day of the fête, but they claim an 85 per cent success rate in short-term forecasting, so good in fact

that some American airlines use the British Met Office in preference to their own services.

The Met Office has to be competitive. It doesn't have a monopoly. There are a few commercial competitors, particularly in providing forecasts for the offshore industries, and one recently started national newspaper buys its weather charts from another organization. In view of this, the Met Office now has a marketing department charged with expanding existing services and developing new ones.

What qualifications are needed to join the weather people? A good scientific background is the answer. I asked whether candidates tended to believe geography was the open sesame.

"Please," was the heartfelt reply, "do all you can to catch that one. In our eyes geography is not very appropriate. If it is combined in a degree course with maths or physics, it may be acceptable, but not alone."

Professional meteorologists are members of the Scientific Civil Service, and graduate entrants should therefore hold a degree in maths, physics or meteorology, (usually combined with maths or physics). Certain environmental science syllabuses which contain modules in hydrology and climatology may be acceptable. School leaver entrants need A levels in physics and maths.

Graduates are recruited by the Civil Service Commission, normally in the

### Graduates normally start working on research

spring term. Thirty vacancies a year is the average but in summer 1987 the target will be 50. Some recruits will have first degrees; others may have taken MSCs in meteorological or atmospheric sciences.

Whatever their discipline, they are unlikely to start in forecasting. That comes with experience. Graduates normally begin in research, usually quite happily, since the projects, currently including the effect of hills on airflow, sulphur concentration in rain and the development of numerical models of the atmosphere, to name but a few, are of considerable interest.

School leavers are normally recruited at a minimum age of 18, because of shift work and because if they have A levels they can commence studying for BTEC Higher Certificate in maths and physics or in maths, stats and computing. They are recruited direct by the Met Office, adverts appearing in the national press. The Met Office is strong on training and has its own college near Reading as well as links with several universities.

Information, including a comprehensive booklet, can be obtained from the Civil Service Commission, Science Division, Alencon Link, Basingstoke RG21 1BN, and the Meteorological Office, Room 615, London Road, Bracknell RG12 2SZ.

## PUBLIC APPOINTMENTS

### I.T. PROJECT MANAGEMENT

c. £17,000 pa

The intelligent management of information technology to maximise resources and a £240m budget has placed Warwickshire County Council well ahead of many similar organisations both in the public and private sectors.

Our Computing and Management Services (CAMS) Department with a budget of £3.3m is continuing to demonstrate that dramatic improvements in performance can be achieved.

Project Leaders joining CAMS will find it difficult to match the wide variety of challenging projects that we at Warwick can provide - a real test for your professional computing and managerial skills.

Current initiatives include:

- an extensive office services project using DISOSS
- a major commitment to AGIS
- a policy of moving close to our customers by decentralisation

One particular post is in the area of Finance and Personnel where the Project Leader appointed will, with a team of computing professionals, be responsible for recommending, developing and implementing effective systems to meet clearly defined and specific objectives.

Applicants should preferably be in their late twenties/early thirties, have a structured career in computing and ideally have relevant application experience. Your professional competence and interpersonal skills must be such that you can manage, lead and motivate a team and develop your career towards senior management. Above all you must be capable of communicating positively with clients at all levels and of presenting a cogent and decisive case for change.

Experience of IBM installations would be a distinct advantage.

Warwickshire is a superb place to live and work with excellent housing, educational and recreational facilities - we believe you can enjoy a higher quality of life here compared to the crowded and expensive South East.

If you would like to know more and/or obtain an application form just fill in the quick response coupon and send it to Martin Greenwood, Systems Services Manager CAMS, Warwickshire County Council, PO Box 9, Warwick or telephone 0226 493431 (Extension 2399) for an informal discussion.

Warwickshire  
County Council

An equal opportunities employer

### QUICK RESPONSE COUPON

Name \_\_\_\_\_ Age \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone (if you wish to state) \_\_\_\_\_  
Current employer (if you wish to state) \_\_\_\_\_  
Salary \_\_\_\_\_  
Computing experience \_\_\_\_\_

### PRINCIPAL OFFICER FINANCE FOR INDUSTRY

STAFFORDSHIRE C.£12,000

A unique opportunity exists to join the recently restructured Economic Development Division of the County Planning and Development Department.

Your responsibilities will include:

- Establishment of Business Capital Connection scheme.
- Investigation and identification of effective sources of finance available both from the public and private sector, including EEC funding.
- Giving general business advice to new and developing business ventures within the County.

The successful candidate will possess appropriate qualifications and preferably be experienced in the negotiation of financial assistance matters relating to the requirements of small businesses and start up ventures. A commercial or investment Banking background would be particularly useful.

Further details and an application form are available from:-

Mr. J. Shyne, County Planning and Development Officer, County Planning and Development Department, Merin Street, Stafford, ST16 2LE.

Staffordshire  
County Council

### MENDIP DISTRICT COUNCIL TOURISM OFFICER

£11,952 - £12,894

As part of our commitment to promote and market tourism throughout the district applications are invited from suitably qualified persons for this newly created post which will be based within the Directorate of Planning and Amenities.

We are looking for an enthusiastic person who has the initiative to develop existing policies aimed at increasing the number of tourists visiting the district which includes parts of two areas of outstanding natural beauty as well as a wealth of historic towns and villages.

Application forms and further details from the Personnel Section, Council Offices, Wootkey Hole Road, Wells, BA5 2NN. Tel. Shepton Mallet (0749) 3399 Ext. 2221.

Closing date: 2nd December, 1986.

Mendip District Council is an equal opportunity employer.

### Selby District Council

Selby District ... a thriving community of 85,000 in the beautiful Vale of York ... an area with vast natural reserves of coal and electricity generation capacity of major national significance.

### Chief Executive and Clerk

£25,159 to £27,675

This is an outstanding career opportunity arising from a forthcoming retirement. Candidates - with strong leadership and motivational skills - will be professional officers with substantial local government experience at a high managerial level. A legal qualification will be a distinct advantage.

The Council operates a relocation scheme to this highly attractive area with reasonably priced housing. An essential car user allowance is payable.

Please apply with full details of education and career to date to our advisor:

A. L. Brown, ref 82118, MSL International, Oak House, Park Lane, Leeds LS3 1EL.

Offices in Europe, the Americas, Australasia and Asia Pacific

MSL International  
Executive Search and Selection

### Stevenage

EXPAND YOUR HORIZONS INTO  
ESTATE MANAGEMENT & VALUATION

Salary up to £24,000 per annum  
• Temporary Housing & General Relocation  
• Package & Excellent Car User Allowance & Car  
• Loan Facilities & Flexible Working Hours

The Council is seeking to appoint a Group Leader responsible for the whole range of valuation and estate management functions. He or she will be a key member of the Council's "Development Task Force" involved in a variety of initiatives designed to improve the planning and provision of development services. The postholder will be responsible for the provision of services and supplies to domestic, commercial and industrial consumers.

Applications are invited from persons with wide experience though their background may be in industry, commerce, the public sector or finance. The closing date for applications is 11 December 1986 and further details are available on request.

### DODDINGTON & ROLLO COMMUNITY ASSOCIATION

DRCA has an integrated Employment/Training/Community project from converted garage premises on a high density estate in North London.

Following a recent reorganisation of staffing structures aimed at improving the project's responsiveness to the needs of the local community, DRCA is now seeking applications for the post of:

**BUILDING  
MANAGER**  
(2 years contract)

To take responsibility for all aspects of the management of DRCA's premises, including their security, maintenance, cleaning etc. Formal qualifications are not essential, but candidates must be able to demonstrate an awareness of the problems and needs of the estate as a inner-city community facility and must be prepared to work flexible hours.

Salary: £12,000 pa including LV.  
Application forms and further details available from Mrs. P. Fox, Project Co-ordinator, DRCA, The Community Centre, 100, The Green, London SW11 1TT (Telephone: 01-727 4040). Closing date for applications: 24 December 1986. Interview: 12th December.

Historically there has been an under representation of Afro-caribbean and Asian people at senior staff level at DRCA. Thus under Section 30(1)(b) of the Race Relations Act candidates are particularly encouraged to apply.

Re-employment - previous applicants need not re-apply.

### NORTH DEVON HEALTH AUTHORITY Riverside Day Resource Centre

Centre Manager  
Salary: Circa £8,000 to £11,000

The post combines clinical and managerial functions in a 30 place Day Resource Centre for Mental Health in Barnstaple. The post holder will be expected to contribute to seasonal work with clients and co-ordinate the day care programme in the Centre. He/she will be responsible for co-ordinating the work of a range of other professionals contributing to the delivery of care at Riverside. He/she will also be expected to have an input to the development of day care for the mentally ill in North Devon.

Informal enquiries to: Peter Connors on Barnstaple 77781 (until 28 November). Details and application forms from Mr. Chidley, Locality Manager, Barnstaple Health Centre, Vantage Street, Barnstaple, N. Devon EX20 2ET. Tel. Barnstaple 77761.

Closing date: 5th December, 1986

### ADMINISTRATIVE SECRETARY Environmental and Public Affairs

We are looking for a committed and creative person to head up our environmental and public affairs department, whose main functions are to keep WI members informed on current issues and to promote WI policies to government and other organisations. The Administrative Secretary is responsible for managing the work of the department and its staff of four people.

The successful candidate is likely to be a graduate with excellent communication skills and familiarity with a wide range of social and environmental issues. This is a challenging post requiring energy and flexibility combined with accuracy and attention to administrative detail. Experience of committee procedures essential and familiarity with policy work in the voluntary or public sector an advantage. Salary c. £13,000 a year.

Further details and application form (to be returned by 2nd December) from Personnel Department, W.I. National Federation of Women's Institutes, 39 Eccleston Street, London SW1W 9NT. Tel. 01-730 7212.

### DEVON AND CORNWALL CONSTABULARY CIVILIAN PERSONNEL OFFICER

£13,653 to £14,862

This post is based at Headquarters in Exeter, providing the full range of personnel services for 1,000 civilian staff across the two Counties. The scope of the work will cover personnel policies and procedures, recruitment, training, manpower planning, health and safety, supervision of Pay Section etc.

Casual car allowance. Relocation expenses up to £2,000. You will need the personal skills, commitment and energy to contribute positively to the development of the personnel function. An appropriate professional or management qualification is required together with relevant experience.

Application forms and Job Description are available from: The Force Administrative Officer, Devon and Cornwall Constabulary, Exeter, Devon EX2 7ND.

Closing date for completed applications: 5th December 1986.

### Town Clerk's and Chief Executive Department CONTRACT COMPLIANCE OFFICER

Salary scale 6  
(£9,513 - £10,164)

This is a new post within the legal section of the Town Clerk's and Chief Executive Department. The successful applicant will implement and develop the Council's contract compliance policy. She/he will also liaise with other authorities and organisations on contract compliance. Key tasks will include setting up Central List of Tenderers in consultation with other Council Departments and monitoring and enforcing contract compliance requirements.

The applicant will preferably have experience of working in a contract compliance unit, knowledge of tendering procedures, contract administration and legal and contractual requirements for the Building and Civil Engineering industries is required.

Application forms and further particulars are available from the Town Clerk and Chief Executive, Town Hall, Rose Hill, Chesterfield S40 1LP or telephone 216313, to be returned no later than the 12 December 1986.

Carrying on in any form will disqualify and candidates must disclose if they are related to any Member or Senior Officer of the Council.

Chesterfield  
AN EQUAL OPPORTUNITY EMPLOYER

Borough  
Council

Electricity Consumers' Council  
Brook House 2-18 Torrington Place,  
London WC1E 7LL  
Telephone 01-636 5703

### Deputy Director (£16,954 - £20,474 incl. L.W.)

The EEC is the national watchdog for electricity consumers in England and Wales. The post becomes vacant on 1 February 1987 following the appointment of the present Deputy as head of another organisation.

The Deputy must be able to deputise fully for the Director as the Council's chief executive and be able to make a contribution to the complete range of the Council's interests. These include the generation and distribution of electricity and all matters affecting the provision of services and supplies to domestic, commercial and industrial consumers.

Applications are invited from persons with wide experience though their background may be in industry, commerce, the public sector or finance. The closing date for applications is 11 December 1986 and further details are available on request.

### WEST WILTSHIRE DISTRICT COUNCIL WARMINSTER SPORTS CENTRE MANAGER

SO2 (all inclusive) £11,604-£12,297

A suitably qualified and experienced person is required to manage and develop this joint provision Sports Centre which has recently been extended and which comprises:

- 25 metre swimming pool, 5 court sports hall, 2 squash courts, fitness room/activities hall, solarium, lounge and licensed bar.

A Manager with considerable drive and enthusiasm is wanted to lead a new young team in the day to day management of the Centre. He/She will be required to take on an occasional regional managerial role - providing support and advice to Managers of other Leisure Facilities in the South of the District.

Application forms and job descriptions available from the Personnel Section, Council Offices, Bradley Road, Trowbridge, Wilt BA14 0RD. Telephone: Trowbridge 63111 Ext 211. Closing date: 11 December 1986. 7-1A/32

### CHILD CARE (RESIDENT POST)

To complete fully resident, multi-disciplinary team of experienced, qualified staff working to provide a high standard of individual, institutional care for 12 children (ages 11-18) for whom fostering is impractical or has failed.

An attractive salary reflecting SENIOR RESPONSIBILITY is offered.

Considerable understanding of the special needs of children who came into care is required. Applicants must hold an appropriate qualification and have more than four years experience of residential work with children. To maintain the balance of staff team this post would be best filled by a female.

Driving licence essential. Non smoker preferred. Good single accommodation available. Informal visits strongly encouraged.

Peter Jennings, Warraz, Stanstead Abbots, Herts SG12 8BX. Ware (0920) 870058.

### THE NATIONAL TRUST WISHES TO APPOINT ADMINISTRATORS

for Beaulieu House, 8 miles North East of York.

This is a joint appointment and applicants are invited from married couples who will adopt and energetic approach and can demonstrate proven managerial skills coupled with the ability to promote and market this developing property (63,000 visitors p.a.). A comprehensive events programme has been established for 1987.

The appointment is residential and the salary is on the scale £9,445 - £12,735. For further details and application form, please send large SAE to:

The Administrative Assistant, The National Trust, Cottingham 27 Tadcaster Road, Tadcaster, York YO2 2QG. Closing date for completed applications: 17.12.86

### CATHOLIC SOCIAL SERVICE FOR PRISONERS Social Worker

CSSP are looking for an experienced Social Worker (30+) to join small friendly Welfare Team. To visit, counsel, and offer other social services to wives and families of prisoners.

These services are offered regardless of race or creed, but this post may be of special appeal to practising Catholics. Own car essential. Mileage allowance.

Salary £2,750 mth. Apply by December 1, to: The Director, CSSP, 108a Old Broad Street, London EC2 0AB (0226)



# PUBLIC APPOINTMENTS

## DORTON HOUSE SCHOOL SEAL, SEVENOAKS

### HEAD OF CHILD CARE

Dorton House is a residential school for approximately 110 visually handicapped children, some with other handicaps, between the ages of 5 and 17 years.

We are seeking a competent professional person with management experience to co-ordinate the work of the Child Care Staff.

He or she will need to demonstrate a considerable knowledge of Child Care practice in a similar position, be prepared to reside at the School and take an active interest in its future development.

Recognised qualifications in Child Care are a prerequisite for this position.

An excellent salary will be paid, according to qualification and experience.

For application forms and further details, please write to: Personnel Department, Royal London Society for the Blind, 105 Salisbury Road, London NW6 6RH.

Telephone: 01-824 6244.

## ARTICLED CLERK

Salary: Within £5,880 - £7,158 p.a.

This post offers an excellent opportunity to commence a career in local government law and administration, with a comprehensive training programme and significant responsibilities.

We will consider applicants who have already passed the Law Society Final Examination (for immediate appointment) or will be taking the 1987 Final Examination (for appointment next Autumn).

Application forms and further particulars available from the County Solicitor, County Hall, Marlane Lane, Norwich NR1 2DH. Tel: Norwich (0603) 61122 ext. 5337. For informal enquiries telephone Mr. T. D. W. Molander, County Solicitor, ext. 321. Closing date: 15th December 1986.

**Norfolk County Council**

## UNIVERSITY OF GLASGOW

### ARTHUR YOUNG CHAIR OF ACCOUNTANCY

Applications are invited for appointment to the Arthur Young Chair of Accountancy following a benefaction by Arthur Young, Chartered Accountant. The successful applicant will have teaching and research interests in any area of study, with particular reference to the practice of the profession. The Department currently fosters interests in:

- Accounting Theory and Financial Reporting
- Accounting History
- Auditing and Investigations
- Managerial Accounting and Control
- Accounting Information Systems
- International Accounting and Financial Management
- Social and Behavioural Accounting
- Public Sector Accounting

Applications (3 copies: 1 copy in the case of overseas applicants) should be received by the Academic Personnel Office, University of Glasgow, Glasgow, G12 8QQ, not later than 9th January, 1987, from whom further particulars can be obtained. Testimonials are not required, but the names and addresses should be given of three persons to whom reference may be made.

In reply please quote Ref.No.S840E

## HAVANT BOROUGH COUNCIL

### Borough Treasurer's Department PRINCIPAL ACCOUNTANT

POST NO. BT 150

Scale PO(7-10)

Salary £14,100 - £15,243 per annum

Applications are invited from persons, preferably possessing a full accounting, for the above post within the Treasurer's Department, responsible for the preparation of the accounts and budgets of the Council's Direct Labour Organisation.

The postholder will be expected to make a significant contribution to the efficiency and effectiveness of the Direct Labour Organisation by monitoring the achievement of rates of return and competition requirements throughout each year, assisting with the preparation of tenders on a schedule of rates basis and reviewing financial systems affecting the Direct Labour Organisation. The ability to communicate effectively with senior members of other departments is important.

The Council offers a generous relocation package, flexible working hours and temporary housing accommodation in appropriate circumstances. A mortgage subsidy is available to assist with the purchase of a home. The postholder will be provided with the use of a Honeywell DPS multi-computer. The cost of training courses will be recovered if the applicant leaves the Council's service within two years after training.

Disabled persons may apply as appropriate.

An application form and a copy of the job description can be obtained by telephoning 0705 474174 extension 218 or by writing to the Borough Treasurer, Civic Centre Road, Havant, Hants, PO9 2AX. Application forms must be returned by 8th December, 1986.

## Solicitor

up to £13.8K

Runnymede is an attractively situated Green Belt borough on the southern banks of the River Thames with excellent road and rail links with London and, via M3 or M25, the rest of the country. The Council's legal work is varied and often demanding. We seek a capable solicitor to develop a career in local government, who is:

- conversant with Council and public law to a high standard
- prepared to handle a high workload
- able to advise Committees clearly and soundly during public debate
- ready to commence legal work with the beginning of management and administrative responsibility.

The successful applicant will get:

- a post ranking second in a section of seven
- an excellent salary at level 7
- plenty of autonomy
- the chance to contribute to decision making at a senior level
- a generous salary with annual cost of living, availability of loan for car purchase and generous relocation package

an attractive working environment in our modern offices, with restaurants and sports and social club. Local authority experience would be an advantage but anyone with the qualities we seek is welcome to apply. For further details and an application form please contact the Personnel Officer, Civic Offices, Station Road, Addlestone, Weybridge, Surrey KT15 2AH (Tel: Weybridge 45500, ext. 218). Closing date: 12th December, 1986. Subject to availability of applicants, interviews will be held on 19 December 1986. Ref: 367/85.

**Runnymede Borough Council**

## HOUSING AND BUILDING SERVICES TRAINEE QUANTITY SURVEYOR

An opportunity to train for a professional qualification and obtain valuable experience in a quantity surveying section of an architectural services group.

'A' level required for direct entry to 5 year BSc Quantity Surveying course at a London Polytechnic one day per week. General financial assistance with training costs.

Starting salary negotiable based on qualifications, experience and present earnings.

Salary progression based on progress with Degree Studies and Office performance.

For application forms and further details contact: Personnel Department, Leisure House, 22 High Street, Lewes, East Sussex, Tel: (0273) 471606 ext. 313 (24 hour answering service).

**LEWES DISTRICT COUNCIL**

## MUSCULAR DYSTROPHY GROUP of Great Britain & Northern Ireland

### PATIENT SERVICE

Information/Advisory Officer

The Muscular Dystrophy Group requires an Information/Advisory Officer, to act as Assistant to the Patient Services Director, to provide advice to sufferers and their families, and to produce and up-date relevant literature.

The successful applicant will have a specialist knowledge of benefits and entitlements for the disabled, together with a relevant qualification e.g. Paramedical or Social Worker.

Breadth of interest, previous experience with the disabled, good verbal and written communication skills are also most important.

Salary will be related to professional scales and experience.

### FIGHT



MUSCULAR DYSTROPHY

Please write to:

John Gilbert

35 Macaulay Road,

LONDON SW4 0QP

Giving details of experience and present salary.

## LEGAL APPOINTMENTS

### CHIEF EXECUTIVE AND TOWN CLERK'S DEPARTMENT

#### Barnet Legal Division

#### WHERE PROFESSIONALISM COUNTS

Most people are surprised to learn that Barnet, is, in fact, the second largest borough of the capital.

Not surprisingly, therefore, the borough's size is reflected in the complexity and variety of the workload of the Legal Division. And, over the years, the professionalism and dedication of the Division has been recognised and valued.

Currently, we are seeking an experienced professional for a key post in the Litigation and Financial Services Section of the recently re-organised Division. Someone who will see this appointment as an important step in their career.

### Principal Assistant Solicitor

#### Litigation

Working directly under the Principal Solicitor, you will be managing a team of seven admitted and unadmitted staff responsible for a wide and interesting range of Litigation matters.

You will be a solicitor, with a lively approach and confident personality untrammelled of management responsibility. A commitment to public service is essential.

Salary is on a scale to £18,664 per annum inclusive.

To discuss this position with Leonie Cowen, Barnet's Chief Solicitor, please contact, in the first instance, 01 262 8282, ext. 411.

We offer a good relocation package which includes assistance with removal expenses in approved cases, and loans for season tickets, we may also be able to offer temporary housing accommodation in approved cases.

Closing date 18th December, 1986.

Ref. 600/PAS

For application forms and further particulars contact the Recruitment Officer, London Borough of Barnet, 18/17 Sentinel Square, Brent Street, Hendon, London NW4 2EN. Telephone 01 262 8282, ext. 424 (01 262 8602 outside office hours).

AN AUTHORITY COMMITTED TO EQUAL OPPORTUNITIES

**LONDON BOROUGH OF BARNET**

## CENTRAL SOMERSET

We are an old established but progressive and expanding firm with offices in two towns in central Somerset. We are seeking:

1. A solicitor with enthusiasm and commitment to look after commercial clients - dealing with a variety of business law matters both contentious and non contentious. This provides an excellent opportunity to nurture and expand a sound existing base and to practise in an attractive country setting.
2. A young solicitor with experience and ability to handle a variety of conveyancing and other non contentious work but with particular emphasis on all aspects of residential and commercial development including land acquisitions, associated taxation questions, the law and practice relating to Town & Country Planning and the services provided by Statutory Undertakers and Local and Water Authorities.
3. A young litigation solicitor - with emphasis on matrimonial work. This post could suit a newly qualified person.

Our intention is to find people who will feature prominently in the future of our practice. There are therefore definite prospects carried with each post.

Please apply in writing to Michael Evans, Gould & Swayne, 31 High Street, Glastonbury, Somerset, BA6 9HA.

## INNER LONDON MAGISTRATES' COURTS SERVICE

### Deputy Chief Clerks

Applications are invited from BARRISTERS AND SOLICITORS called or admitted in England, for employment as Deputy Chief Clerks in the Inner London Magistrates' Courts Service. Previous experience in a Magistrates' Court will be taken into account but is not essential.

The starting salary at 1.4.87 will be £13,286 pa rising by eight annual increments to £18,422 pa (under review). In addition a London Weighting of £1395 pa is payable.

For an application form and further particulars write to:

The Principal Chief Clerk (DCC)  
Inner London Magistrates' Courts Service  
Third Floor, North West Wing  
Bush House, Aldwych WC2B 4PJ

Completed application forms must be received by 31 December 1986.

We are an equal opportunity employer.

## Commercial Lawyer/Executive

(2 posts) c£14,000 - £17,000 p.a.

The Crown Agents is a public corporation providing commercial, financial and professional services to governments and public bodies overseas.

We are looking to fill two vacancies in our Commercial Department based in Sutton, Surrey. This department provides legal and commercial services to all divisions of the Corporation.

Both positions will entail drafting, vetting and negotiation of contracts for the export of a wide range of goods and services. Experience of export finance and contractual work gained in a Banking, Industrial or Commercial environment is essential.

Candidates for the Commercial Lawyer vacancy should be newly qualified Solicitors with appropriate experience in an age range of 25-29 years old. Candidates for the Commercial Executive post should be graduates in a business related subject with legal and commercial experience.

Please send C.V. to Mrs F. Marsh, Personnel Dept. Closing date: Monday 5th January 1987.

## Crown Agents

The Crown Agents for Oversea Governments and Administrations, Personnel Division, St. Nicholas House, St. Nicholas Road, Sutton, Surrey SM1 1EL. Crown Agents are an equal opportunities employer.

## Construction Contract Drafting/ Litigation

Because of continuing growth our Client, a progressive eminent City firm of Solicitors now needs to create an appointment within a small but rapidly expanding team for an articulate Solicitor or Barrister, who has experience in advising on and drafting construction-related documentation and in dealing with construction litigation, has a keen eye for detail, works well under pressure and sees his/her career developing within this area of law.

This is a stimulating and rewarding position which offers excellent career prospects in a friendly and progressive working environment coupled with a highly competitive salary. Please contact James Davis in complete confidence. (Ref: V102)

LEGAL SELECTION

**JAMES DAVIS & PARTNERS**

160 New Bond Street  
London W1Y 0HR England  
Telephone 01-629 4226  
Fax 01-491 7459  
Telex 298942

## LEGAL APPOINTMENTS

### Gabriel Duffy Consultancy

#### TOWN & COUNTRY PLANNING

LONDON £18,000

A young litigation lawyer is required by our Client, a major City practice, to cover a wide range of cases relating to Town and Country matters (excluding landlord and tenant work). As the vacancy exists within a large firm the benefits and back-up facilities are excellent.

BRISTOL £4AAE

Our Client, a substantial practice in Bristol, is recruiting a young property Solicitor with an appreciation of Planning to handle a caseload of appeals and property work relating to development, together with some more general commercial property work.

A first class opportunity for an intelligent and adaptable candidate to progress with the development of this Department, in a lively and attractive provincial City.

For further details please contact

CLAIRE WISEMAN  
LEGAL DIVISION  
GABRIEL DUFFY RECRUITMENT CONSULTANCY  
31 SOUTHAMPTON ROW  
LONDON WC1B 5EJ

Daytime Telephone Number: 01-431 2288  
Evenings & Weekends: 01-748 0289

### Meredith Scott

COMMERCIAL PROPERTY to c£35,000

Leading EC3 practice requires young solicitors with at least 2 years experience gained in or out of London.

BANKING c£20-30,000

Larger EC2 practice seeks solicitor, ideally up to five years qualified with experience of asset finance and corporate banking law.

PENSIONS c£19-30,000

Major EC1 practice requires lawyer with at least 2 years related experience.

NEWLY/RECENTLY ADM. to c£16,000

COMMERCIAL CONVEYANCING with medium size SW1 firm.

COMPANY/COMMERCIAL: international contact with six partner City practice.

TAX/TRUST with Inns practice.

COMMERCIAL LITIGATION medium size EC4 practice.

DOMESTIC CONVEYANCING with expanding NW1 firm.

**Meredith Scott Recruitment**

17 First Street, London EC1Y 1AA  
01-583 0025 or 01-541 3897 (after office hours)

## Assistant Solicitors

(2 Posts)

### County Secretary's Department

£11,952 to £14,475 (consistent with experience).

Applicants must be Solicitors preferably with some Local Government or advocacy experience since qualification. Newly qualified persons considered.

Both posts involve a substantial amount of child care work, but will include other advocacy, and legal work of a general nature in the Department's Personal Services, and Economy & Environment Sections respectively.

The department's offices are in Carlisle which is well situated for the Lake District National Park, the Cumbrian Coast and the Scottish Border Country.

Removal expenses and lodging allowance available in appropriate cases.

For informal discussion please telephone the Senior Assistant County Secretary, Mr. John Morris (0228) 23456 ext. 2230.

Further particulars and application forms from County Secretary and Solicitor, The Courts, Carlisle CA3 8LZ. Tel: (0228) 23456 ext. 2212.

Closing date for applications 12th December 1986.

Posts open to both men and women.

**Cumbria**

## College of Estate Management

Patron: HR The Queen

### TUTOR IN LAW

Owing to continuing expansion of its work, the College wishes to appoint a Tutor in Law to complement its existing academic staff. The College is the premier body for the teaching of students on a part-time basis for the professions of the land and property. Founded in 1919 the College was granted a Royal Charter in 1922 and Her Majesty the Queen graciously consented to become its Patron in 1977.

The College currently has over 4,000 students world-wide and awards its own Diploma as well as providing tuition for professional societies. An active programme of post-qualification short courses is provided and a considerable amount of research is undertaken.

The duties of the Tutor in Law will be many and varied, servicing both the pre-qualification and the post-qualification market. The salary will be within the scale for Lecturers in Universities (£8,020-£16,700 per annum, under review), with membership of the Universities Superannuation Scheme. For an application form please write to Mrs P. Reynolds. For an informal discussion about the post please contact the Vice-Principal, Mr P. E. Goodacre, telephone Reading (0734) 861101.

WHITEHARTS READING RG6 2AW (0734) 861101

Tax planning lawyer required with up to two years post qualification experience.

Responsibilities will include corporate and private client work and assistance with wills trusts and probate.

Please send full c.v. to:

G Laurence Harbottle  
34 South Molton Street  
London W1Y 2BP

**HL**

**HARBOTTLE & LEWIS**



# LEGAL APPOINTMENTS

## BADENOCH & CLARK

### COMMERCIAL LITIGATION EC1

Further expansion in this busy department has created an excellent career opportunity for young solicitors seeking to work in a demanding environment with a leading City firm. With up to 3 years' post admission experience, can expect top quality work for substantial clients and a highly competitive salary.

### COMPANY/COMMERCIAL EC4

Highly respected medium sized practice seeks 2 qualified lawyers with up to 3 years relevant experience, gained preferably in a London or substantial provincial practice. The successful candidates will become involved in a range of quality corporate work and will enjoy a competitive remuneration package.

For details of these and other positions, contact Judith Farmer or John Cullen.  
Legal and Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU Telephone: 01-583 0073

### PROPERTY LAWYER WC2

This well respected medium sized firm currently offers partnership prospects for a motivated senior property lawyer. Ideally with up to 5 years post admission experience, the successful candidate will enjoy a range of first class work and excellent working conditions. Personality and drive are essential qualities.

### CAPITAL MARKETS

From £20-£35,000 + Bonus + Bens

Top US financial institution seeks several highly qualified, motivated lawyers to join its transaction management group at varying levels of seniority. Good academic credentials, a top City firm training and relevant experience are prerequisites. These positions carry an excellent remuneration package together with good prospects for career development.

For details of these and other positions, contact Judith Farmer or John Cullen.  
Legal and Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU Telephone: 01-583 0073

## TOWNSENDS

### SWINDON

#### COMMERCIAL SOLICITOR

The continued expansion in the Company/Commercial Department has created a vacancy for an Assistant Solicitor.

Applicants should be ambitious, outgoing and able to work on occasions under pressure on a wide variety of commercial matters. The ideal applicant will have 2-3 years post-qualification experience, but recently qualified solicitors with relevant experience in articles will be considered. A competitive salary will be offered to reflect the experience and abilities of the successful applicant.

This vacancy provides an opportunity to pursue a career in one of Europe's fastest growing towns.

Applicants should apply in writing with a C.V. to Julian George, Townsends, 42 Cricklade Street, Swindon, Wilts. SN1 3HD.

## Career opportunities for young LAWYERS

Wragge & Co. are a large rapidly expanding firm based in the heart of England. We provide comprehensive legal services for a wide range of corporate organisations and private clients. Our growth, combined with the increased demand for specialist services has created new opportunities for ambitious young Lawyers in the following areas.

### INSURANCE RELATED LITIGATION

This opportunity is ideally suited to a Solicitor or Barrister with between 1 and 3 years relevant experience preferably gained within a specialist environment. He/she will be involved in servicing Insurance Companies, Captives, Lloyd's Underwriters, Loss Adjusters, Brokers and business clients and must be capable of consistently high standards of performance.

### INTELLECTUAL PROPERTY & COMPETITION LAW

To work closely with a Partner specialising in Intellectual Property and the legal problems associated with the development and exploitation of high technology, particularly in the computer and related fields. Experience is desirable in the licensing and transfer of intellectual property, including computer software, and the drafting of trading agreements. Although not essential, a working knowledge of EEC and UK competition and restrictive practices law would be most helpful. This is a fast growing area of the legal profession and provides exceptional scope for gaining valuable expertise in the new technology environment.

### COMPANY & COMMERCIAL

The type of work involved ranges from general advice to clients on company and commercial matters through to dealing with Full Stock Exchange listings and U.S.M. flotations. In addition there will be opportunities to deal with take-overs, management buy-outs, banking and corporate finance, venture capital funding and joint ventures. This is an extremely varied and stimulating area that will offer the right person career development whilst broadening their experience and responsibilities.

Applicants should preferably have at least one year's post qualification experience in private practice. However, we are also keen to hear from more recently qualified Solicitors who could play an important part in our future growth plans. We offer very attractive salaries with excellent prospects and assistance with relocation to this surprisingly pleasant part of the country will be given, if appropriate. If you wish to meet us for an initial informal discussion, please write, with career details and current salary to:-  
C.W. Hughes, Wragge & Co., Bank House, 8 Cherry Street, Birmingham B2 5JY.  
021-632 4131

Wragge & Co

## Corporate Taxation

Newly Qualified: upto 2 years.  
£ ATTRACTIVE

Our Client, a resourceful and highly motivated medium sized City Firm, with a broadly based commercial practice, offers an outstanding opportunity to work as Personal Assistant to the Senior Partner who specialises in Tax.

This opportunity offers a wide range of challenging and intellectually stimulating taxation work which requires a business sense as well as legal ability.

This unrivalled opportunity might well suit those wishing to expand their experience where future prospects look very good. Candidates are asked to contact James Davis in complete confidence on 01-629 4226 or write to the address set out below (ref: V103).

LEGAL SELECTION

**JAMES  
DAVIS  
& PARTNERS**

160 New Bond Street  
London W1Y 0HR England  
Telephone 01-629 4226  
Fax 01-491 7459  
Telex 298942

## Computer Industry Commercial Lawyer

Competitive salary + car

Logica, a leading computer software and services company, seeks an able and enthusiastic lawyer to join its young and expanding corporate Legal Department. Logica has enjoyed continued growth since it was founded in 1969 and now employs approximately 2,400 staff worldwide. Logica's activities range from the provision of large turnkey systems to the manufacture and marketing of a variety of products.

The Legal Department has a key and challenging role within Logica, providing a comprehensive legal service to the company and its subsidiaries, located both in the UK and overseas. The work covers a wide variety of issues, with particular emphasis on drafting and negotiating complex software-related agreements, intellectual property law, general corporate and company secretarial matters, and employment law.

The successful applicant, who may be either a solicitor or a barrister, will possess the ability to provide practical advice to all levels of management and will enjoy working as part of a team. He or she is likely to have at least four years' experience of commercial law, some of which may have been gained in a computer-related environment.

Based in Central London, the salary will be competitive and benefits include a company car. Please write with full CV, quoting reference H/C to: Mary Crowley, Personnel Officer, Logica International Limited, 64 Newman Street, London W1A 4SE. Telephone 01-637 9111 ext 844.

**logica**

## DEACONS OF HONG KONG

Deacons is a large but friendly firm established for over 100 years, occupying modern, well-equipped offices in the heart of Hong Kong's fast-moving commercial and financial district. Continuing expansion demands the appointment of two able Commercial Lawyers to work in a busy department which handles a wide variety of domestic and international commercial work for a substantial corporate client base.

### THE REQUIREMENTS

Post A - A Solicitor who has one to two years post-qualification experience with exposure to financial and commercial matters.  
Post B - A Solicitor with four years sound and varied experience of corporate and commercial matters.

### THE REWARDS

- A unique opportunity exists for you to widen your experience and stretch your ability in this dynamic city.
- Salary for Post A will be negotiable above £24,000 p.a. while for Post B it will exceed £32,000 p.a. dependent on ability and quality of experience.
- Low level of personal taxation.
- Generous gratuity and pension fund.
- Subsidised accommodation during settling-in period.
- Annual travel allowance.
- BUPA plan.
- Assisted club membership.

Interviews will be conducted in London in January. Applications and resumes which will be treated in strict confidence should be sent to:-  
James Finch LL.B., Personnel Manager, Deacons,  
3rd-7th Floors, Alexandra House, Hong Kong.

Seeking wider experience?

### CONVEYANCING LAWYER

Our expanding property workload demands addition to our property team. Excellent opportunity to broaden experience and rapidly develop responsibility and client contact with a small team dealing with good mixed property work.

### COMMERCIAL LAWYER

Our commercial department is a close knit team committed to the highest standards and working closely together to achieve them. Our varied clients generate every conceivable kind of commercial work and respond to high calibre lawyers with a positive and flexible contribution to make. Join an enjoyable but challenging environment.

Both positions would ideally suit an applicant newly qualified to two years, seeking to broaden and deepen his experience.

Laytons is a predominantly commercial practice with excellent resources and working conditions of every kind. We enjoy working together in meeting whatever the client demands. Employment rewards are commensurate with our objective of selecting the best applicants and helping them to positively develop their career.

Apply in writing with full C.V. in complete confidence to Miss D.C. Jeffries, Laytons, 16 Lincoln's Inn Fields, London WC2A 3ED or telephone 01-404 5177.

## SHIPPING

### Financing - Sale and Purchase

Our Shipping Department has an exceptional opportunity for a recently qualified solicitor with some previous experience, whether during or after articles, in shipping finance/sale/purchase and chartering. The successful applicant would become involved in a wide range of work covering international shipping activities with emphasis on ship financing for both borrowers and lenders and on the sale, purchase and chartering of ships. Some travel will be involved.

The prospects are excellent in this City firm for the right person, who will receive a very attractive salary and benefits package.

If you are ambitious bright and energetic and are interested in joining us, please apply (with full cv) to: David Robinson, Berwin Leighton, Adelaide House, London Bridge, London EC4R 9HA (01-623 3144).

BERWIN LEIGHTON

### TRINITY POLYTECHNIC

#### DEPARTMENT OF LEGAL STUDIES

#### LECTURER II/SENIOR LECTURER IN LAW

(C8595 - £15873 p.a.)

Applicants should have a good Honours degree in Law. A higher degree and a record of successful research and publication would be added advantages, as would experience of legal practice, preferably as a solicitor, and teaching experience.

Further details and form of application are available from the Staff Officer, Trinity Polytechnic, Burton Street, Nottingham NG1 4BU. Closing date 8th December 1986. Please quote Ref. No. H261.

## Partner Designate S. Leics - Up to £20,000

This medium-sized established practice in Leicestershire is looking for an experienced Solicitor to run one of its long established branch offices.

The workload has a Conveyancing bias but includes Probate, Matrimonial and Advocacy. The successful applicant can expect an early partnership and, in the meantime, rewards commensurate with performance.

Please write in confidence, quoting Ref. 118

### Legal Opportunities

45 Station Road London N21 3SH

01-360 0081

## BIRMINGHAM PERSONAL INJURY LITIGATION

Excellent opportunity for Legal Executive/ newly qualified Solicitor to specialise in Trade Union related Personal Injury and Employment cases. Large firm requires such a person to join a young busy office, under the supervision of a senior fee earner. Some previous experience required, together with interest in Trade Union work. Salary depending on age and experience. Apply to Box No BOX B03.

### Chief Executive & Clerk's Department Articled Clerk

Graduate holding a good honours degree preferably in law and who has passed the Law Society's Final Examination required. You will be articled to the Solicitor to the Council and have full opportunity for training and experience in Council's legal functions. Assistance may be given with relocation expenses. Application forms, returnable 10/12/86, from Chief Executive & Clerk, County Hall, Northcliffe, North Yorkshire YO1 1BA. Tel: (0803) 3123 ext 2615.

NORTH YORKSHIRE COUNTY COUNCIL

## ENTERTAINMENT LAWYERS

£15-40,000 pa

We have several vacancies in both industry and private practice (at senior and junior levels) for entertainment lawyers - especially those with experience in film, TV and video.

Please contact Michael Chambers or Sonya Rayner. (Rec. Consults.)

74 Long Lane, London EC1 Tel: 01-606 9371

CHAMBERS  
& PARTNERS

### CAMBRIDGE SOLICITORS

have a vacancy for an experienced family lawyer (two-three years' qualified). 50-50 legal aid/private. Good salary for the right person.

Peter Spar, 170 Mill Road, Cambridge.

Tel: (0223) 242544

### LACKEY BARRISTERS

Young Solicitor with experience in London needed to go overseas but former London firm with two branch offices. Salary c. £12,000 per annum.

Apply to: GERARD WYLLIS, 11 Park Lane, London W1K 1TA. Tel: 0202-7756



# LEGAL APPOINTMENTS

## Company Commercial

### Lincoln's Inn EXCELLENT

Our Client, a well established medium sized firm which is resourceful and highly motivated with a broadly based commercial practice needs to appoint at least two lawyers of calibre to deal with a varied workload of Private and Public Company work.

Emphasis is placed on the highest level of professional competence whilst retaining a friendly atmosphere.

If you feel your skills and ambition can match the challenge of this expanding City practice, then contact James Davis in the strictest confidence or write to him at the address set out below (Ref: V104)

**JAMES DAVIS & PARTNERS**  
160 New Bond Street  
London W1Y 0HR England  
Telephone 01-629 4226  
Fax 01-491 7459  
Telex 298942

## SENIOR SUB-EDITOR

Butterworths, the leading UK law publisher, is looking for a Senior Sub-Editor for the Encyclopaedia of Forms and Precedents. The position is in the department which provides an updating service to both the fourth and fifth editions of the Encyclopaedia and involves writing and editing material for all sections of the Encyclopaedia.

Applicants should be solicitors with experience in practice which, although it need not include specialisation in any particular area, should include the preparation of documents of the type found in the Encyclopaedia. Previous publishing experience is not necessary but the ability to identify and assimilate changes in the law, to express legal concepts clearly and concisely and to work quickly and accurately is.

Salary c.£12,700 p.a. Terms and Conditions in accordance with NUJ Agreement.

Please reply with full CV, not later than 8th December 1986 to: Rosalind Miller, Personnel Officer, Butterworth & Co (Publishers) Ltd, 88 Kingsway, London WC2B 6AB.

## LEGAL EXECUTIVE

Required by Property Company W.S. to specialise in residential/tenancy litigation.

Salary up to £20,000.00 p.a. for right candidate.

Ring

01-289 4703/01-289 4704

## Stephenson Harwood

## Technically Qualified?

Feel you can do better? Why not contact us?

We have vacancies for solicitors with suitable technical qualifications who wish to specialise in **PATENTS, TRADEMARKS, COPYRIGHT, CONSTRUCTION** and other technically related fields and we are offering premium salaries.

Write to: P.L. Lochner B.Sc. (Chem) Stephenson Harwood, Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BS

Telephone: 01-606 7733

1786 // 1986

Two centuries strong and building

## Regional Solicitor Bristol

We are a major national housebuilder operating through six autonomous regional subsidiaries. The growth of our business gives rise to further career opportunities for lawyers.

As a first step we wish to appoint a Regional Solicitor to manage a new Legal Department for Lovell Homes Western Limited. The Department will be based in Bristol and provide a full legal service to a regional company having a current turnover of approximately £30 million. The person appointed will participate generally in the running of the business as a member of the regional management team. This is a senior position calling for the ability to supervise staff as well as broad professional experience of property development conveyancing.

A fully competitive salary will be offered according to age and experience supported by ancillary benefits such as an executive car, contributory pension and life assurance scheme, and 26 days annual holiday.

For further details please contact Mr G. C. Lean, Personnel Manager, Lovell Homes Ltd., Prospect House, Creden Street, High Wycombe, Bucks HP13 6LT. Telephone High Wycombe 443751.

**Lovell Homes**

## ASHURST MORRIS CRISP

Due to the continued expansion of the Trust Department the following vacancies exist:

1. Corporate/Commercial tax assistant with at least two years experience of City work required to join very active department advising on all taxation aspects of a wide variety of business transactions.
2. Versatile trust lawyer who should be able to deal personally with tax planning for senior executives and other wealthy individuals. The right person should have (or will acquire) a good working knowledge of pensions and employee benefit arrangements and be able to advise on the trust law aspects of commercial transactions.

Please apply with full c.v. to

C.J. Amos Esq.  
Ashurst Morris Crisp  
Broadgate House,  
7 Eldon Street,  
London, EC2M 7HD.

## Opportunity to join WC1 firm

An opportunity exists to join an expanding Department serving a number of substantial house building companies within a growing central London commercial firm. We are looking for 2 or 3 Legal Executives and also have vacancies for trainee Legal Executives. Ideally applicants will have had experience within the legal department of a major house builder but able persons with all-round conveyancing experience will be considered.

The work will involve all legal aspects associated with residential developments, house sales, and house exchanges and the applicants should have the ability to work under pressure and carry responsibilities of the position with a positive and enthusiastic attitude.

This is an excellent opportunity to broaden and extend conveyancing abilities from a commercial angle and offers good scope for assuming greater responsibility allied to the support of a large conveyancing team.

An extremely attractive salary/benefits package is offered and applications including full CV should be sent as possible to Mr C A Sharpley, Saunders Sobell Leigh & Dobin, 38/40 Eagle Street, London WC1R 4AE.

## LEGAL ADVISERS

The Legal Protection Group Limited is the UK's foremost independent legal expenses insurance organisation and also provides a wide range of legal advisory services. Due to rapid expansion of its Telephone Advisory Service the Group now require to recruit two qualified solicitors to join its professional team.

Candidates must have a thorough grounding in all aspects of commercial and personal law. The service is offered on a 24 hour basis and candidates will therefore have opportunities to work flexible working patterns from the Group's Sutton Headquarters.

Salary is dependent upon age and experience but will reflect the high level of professionalism required and the commitment to providing a round-the-clock service.

Please forward c.v. to:

T.A. ABLETT,  
The Legal Protection Group Limited,  
31/35 St. Nicholas Way,  
Sutton,  
Surrey  
SM1 1JB

**THE LEGAL PROTECTION GROUP Limited**

## BARRISTERS

### COMPANY LAW TAXATION INTELLECTUAL PROPERTY PLANNING LAW

Such is the demand for high calibre lawyers in the City and Central London that our client practices are eager to interview barristers with above average academic backgrounds and substantial pupillage and/or post pupillage experience. Excellent salaries and prospects are available.

**Law Personnel**

Staff specialists to the legal profession worldwide  
95 Aldwych, London WC2B 4JF. Tel: 01-242 1281  
(ansaphone after office hours)

## 2 ASSISTANT SOLICITORS CRESTER

- 1) Assistant Solicitor to Litigation Partner required for care and litigation. At least 18 months experience of advocacy essential.
- 2) Assistant Solicitor for commercial and general litigation. At least 12 months experience required.

Good salary and pleasant office in busy City. Real prospects for the right person.

Apply to: S. B. Partridge Esq., 12 White Horse, CH1 1PT.

## COMMERCIAL MANAGER

Solicitor or barrister. International law, strong commercial leaning, knowledge of high tech. Aged 35 to 40 salary negotiable plus benefits.

**Arron Employment Agency Ltd., Harrow.**  
Tel 01 868 0044.

## NORTH STAFFORDSHIRE

We have an immediate vacancy for a young solicitor, principally to undertake some criminal advocacy and general litigation, with an opportunity to run Branch Office. Definite prospects in rapidly expanding young firm.

Apply in writing to: Walters and Flaxall, 2 Westgate Road, 9 Railway Street, Chatham, Kent. ME4 4BZ.

## ARTICLED CLERKS

Required to commence articles in September 1987. Ten partner firm offers good training and a competitive salary. Apply with CV, before 1st January 1987 to:

Patrick Bligh, Redfern & Sigurd, 9 Railway Street, Chatham, Kent. ME4 4BZ.

## SOLICITORS

We have permanent vacancies in Litigation, Company/Commercial and Conveyancing country wide. Contact Legal Resources Employment Agency, 18 John Street, London WC1N 2DL. Tel: 01-405 4985.

## ASA LAW LOCUMS

Urgently  
Required in  
all areas  
01-246 1139

## YOUNG SOLICITOR

Very welcome in South Lincolnshire where the air is fresher, the housing cheaper and business thriving in help from desperately overworked litigation partners; recently admitted applicants prepared to undertake all branches of litigation please apply salary by negotiation; partnership prospects.  
Write to: Very Welcomes, 25 New Street, Lincolnshire. PE1 1NE.

## GENERAL APPOINTMENTS

## TRAINEE NEGOTIATORS

Central London's leading Estate Agents require 6 trainee negotiators aged between 18 & 24 years. Must have sound educational background, be presentable, energetic, and want to become one of Central London's top residential property negotiators. Driving licence essential. Salary throughout training period 20,000 per annum plus company car - thereafter earnings between £15-40,000 per annum + VW GTL.  
Telephone 01 727 0530 Reference JMWI

## LEGAL LA CREME

**LEGAL EAGLES  
for the  
NEW YEAR  
£10,000**

Experienced legal executives are required by the commercial conveyancing and company commercial law departments of this prestigious West End law firm.  
For more details call Mr J. Denny Hayes Associates 01-461 2828.

## POSTS

**The Berlitz School of Languages**  
needs university graduates - BA degree - to work in Spain. Please write immediately to Berlitz (Spain), Wells House, 79 Wells Street, London W1A.

## CHRISTMAS FARE

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## Hospital cleaners opt to go private

By Jill Sherman

Cleaners employed in some National Health Service hospitals are now voting to work for private contractors to gain redundancy payments.

In some cases, NHS staff are choosing not to submit in-house tenders because they can get substantial redundancy payments if the cleaning contracts are awarded to private firms. Most are then employed by those firms on their old NHS pay rates.

The cleaners are getting redundancy deals equal to two weeks' pay for every year of service.

Health service unions, which traditionally had been adamant in their opposition to contracting out work, are now telling their members they will get a better deal with private firms.

Staff at Clatterbridge Hospital in Wirral, Merseyside, recently decided not to submit a tender for the £800,000 cleaning contract at the hospital because it would have meant a 25 per cent drop in their take-home pay, resulting from the hospital dropping its bonus scheme in order to become more competitive.

The tender, which is being awarded later this week, will now be decided between three private companies - Mediocore, Exclusive and Medigard.

Mr Lew Swift, the Wirral health authority head of personnel and administration, said because of the NHS ban on bonus payments, the hospital's equivalent of 127 full-time staff would have had to take a 25 per cent cut in salary if the NHS had won the contract.

Mr John Davis, Nupre branch secretary, said that under the contract arrangements staff who had been employed for more than 10 years and were aged between 41 and 49 could get up to £3,600 as a lump sum redundancy payment.

The three firms bidding for the contract have all agreed informally that most staff wanting jobs with the firms will get them, although exact staffing levels have not been revealed.

Mr Davis said that at the neighbouring Arrow Park Hospital where the cleaning contract was awarded in-house, staff suffered a 25 per cent cut in wages with no Saturday or Sunday payments.

## Kew plays nurse to rarest bush



Mr Martin Stanforth checking the growth of the Café marron bush yesterday (Photograph: Stuart Nicol).

## Whitehall ready to force card

Continued from page 1

that he had to "register some dismay that the League had not gone further down the road to 100 per cent membership schemes".

The results of the membership-only experiment by Luton Town will be treated as a test case to see if it deters hooligans and attracts spectators. Luton was not allowed to operate its membership scheme in the League's Littlewoods Cup knockout competition.

Mr Michael Fallon, the Conservative MP for Darlington, said it was rubbish for the League to argue that compulsory membership would deter spectators. Attendances slumped at Darlington after the riot early this month when hooligans armed with knives ran amok.

The Café marron bush, said to be the world's rarest tree, is struggling for survival in specially-controlled atmospheric conditions at the Royal Botanic Gardens, Kew, west London.

The plant, from the Mauritian island of Rodrigues in the Indian Ocean, is the subject of an international rescue attempt in which the Swiss-based International Union for Conservation of Nature and Natural Resources asked Kew to accept cuttings of the plant, which had been thought to be extinct, and was last seen in 1940.

The Mauritian Government has also joined in the efforts to save the plant. Until last year, when the bush was fenced off on Rodrigues, animals had browsed on it and it was under attack from insects.

Mr Hans Fliegner, assistant curator in charge of the temperate department at Kew, said that only one cutting had been propagated from pieces flown back from Mauritius in March.

"We used a proprietary rooting compound and so far

the plant has a dozen leaves and is 4in to 5in high", he said. The plant, a member of the coffee family, is almost a complete mystery to the botanists at Kew. "It might grow into a small tree, perhaps resembling the croton, we don't know yet", Mr Fliegner said.

So rare is the Café marron that putting a guard on it was considered when a conservation officer from Mauritius first discovered its plight.

A worry for the experts at Kew is that while the tiny plant is being kept under what they consider the most appropriate conditions, beneath a sheet of polythene, and treated with an intermittent mist spray, they are not sure how much light it needs.

"I like to be an optimist, but while you can simulate natural conditions, it can never really be the same under artificial ones", Mr Fliegner said.

If it can get through the winter, there is a good chance that *Romomastix heterophylla* will survive and may eventually be returned to its original habitat.

## Sangster's trainer is sacked

Continued from page 1

tion to detail—in the Directory of Turf his hobby is listed as work—and this had proved very successful during his spell as a National Hunt Trainer.

The challenge of the switch to flat racing excited him. "It was saddling the first five at the Gold Cup that started it. After all, I could not start thinking about having the first six. But when I was first approached, I doubted my ability to do it on the flat."

Mr Dickinson has admitted to being obsessed by his profession. "I am a very boring man. I have got no hobbies and I think holidays are a complete waste of time. But I am a happy man, and that at the end of the day, that is what life is all about."

Until today that is.

## Tories hit at plan to cut food mountain

Continued from page 1

farming was to repatriate agricultural policy to member states.

He served warning that the CAP, like tin and oil, was heading for an explosion in which British agriculture could be devastated "because any emergency plan would discriminate against Britain because of its historically high yields."

With Britain now due to make a record net contribution of £1,090 million to EEC coffers this year, a number of backbenchers were lining up last night to use the opportunity of a Government debate to criticise the EEC's planned budget for next year which is set at almost £25 billion. Two-thirds of the money will be taken by the Common Agricultural Policy to support food surpluses.

Although a move by Sir Edward du Cann, MP for Taunton and president of the European Reform Group, to halt further consideration of the EEC budget fell foul of parliamentary procedure and thereby denied several Tories the chance of rebelling against the Government, some Conservative backbenchers were planning to abstain at the end of last night's debate.

What has particularly infuriated Conservative critics of the EEC is that promises of stricter budgetary discipline and tighter control of the CAP gained at the Fontainebleau summit by Mrs Thatcher in return for allowing spending to increase gradually over a number of years, have been ignored. In the meantime, spending has rocketed and next year's EEC budget will almost certainly exceed official limits.

Sir Edward said last night: "The European Community is on the verge of bankruptcy and its financial management is a scandal. It amazes even the most ardent supporters of the Community. My colleagues and I are determined on reform."

BRUSSELS—Sir Geoffrey Howe, the Foreign Secretary, last night reaffirmed the Government's determination to take the CAP by the horns (Andrew McEwen writes). After a meeting of the 12 foreign ministers here he said that the British Government was committed to achieving agreement to curb agricultural over-production.

## Frank Johnson at the Commons

## Curling up with a point of order

The resumption of the House yesterday brought another episode of what has become the cult series of spy points of order written by Mr Dale Campbell-Savours, the Labour member for Workington.

The unique, disturbing world created by Mr Campbell-Savours is matched only by that of his rival and only equal, Mr John Le Carré. Each has his passionate followers. Mr Kinnoch is said to like nothing better than to curl up at night with a Campbell-Savours point of order, apart of course from curling up at night with Mrs Kinnoch.

Some of us are addicts of both Mr Campbell-Savours and Mr Le Carré. In seeking to equal Mr Campbell-Savours as a raider of points of order, Mr Le Carré is somewhat handicapped by not being an MP. Otherwise there is little to choose in technique between the two authors.

The action moves faster than in Le Carré, and is more complicated. In Campbell-Savours Country nothing is as it seems. Political correspondents have hurried conversations with the Member for Workington at dusk in gloomy, endless mock-Gothic corridors. In the distance can be heard the rumble of London traffic in unceasing procession around Westminster Square.

In Sydney, a senior British civil servant suddenly tells a courtroom that the British secret services do not exist. Back in Whitehall, the British spies and spy-catchers are immediately worried. In that case, they ask one another, what happens to our pensions? Before long, Mr Campbell-Savours is rising again in the House with a new point of order.

Unlike Mr Le Carré in his works, Mr Campbell-Savours is a character in his own stories—always the cool, meticulously-questioning Englishman. During his points of order, he is always confronted by a man called Weatherill who has a wig. Is that a cover? Certainly. For this Weatherill is the head of Westminster Centre. He has powers of life and death over all points of order. He is always referred to solely as Mr Speaker.

And some of the characters whom Mr Campbell-Savours has created have entered the English language. Sir Robert Armstrong, Sir Michael Flanagan, Sir Peter Wright, Sir Roger Hollis, Chapman Pincher, and a writer called Nigel West who is really a prospective Tory candidate called Rupert Allason.

But Mr Campbell-Savours knows that by now even we addicts might be getting a little bored by them. We feel that we know them a little too well. So yesterday he introduced a completely new character: Jim Coe.

Yesterday's point of order consisted of the author and hero demanding an emergency debate about this Jim Coe, a press officer at No 10, having allegedly suggested to a meeting of Westminster lobby journalists that, because he kept on asking in the House about the Wright case in Australia, Mr Kinnoch was unsuited to be Prime Minister.

Also, according to Mr Campbell-Savours, this Jim Coe had made out that Sir Michael Flanagan, the Attorney General, was to blame for things going wrong with the Government's court action in Sydney; not the Prime Minister.

Mr Campbell-Savours said a civil servant had therefore been used to "scatter the seeds of division between the Prime Minister and the Attorney General". But the Attorney General had been "instructed and guided by her in all his actions."

### Today's events

#### Royal engagements

The Queen holds an Investiture, Buckingham Palace, 11. The Duke of Edinburgh presents the Britannic Assurance County Championship Trophy to the Essex County Cricket Club, Buckingham Palace, 10; and attends a reception for young people who have reached the Gold Standard in the Duke of Edinburgh's Award.

St James's Palace, 11.30 and 4; later he attends a reception for the Friends of the Duke of Edinburgh's Award Scheme, Buckingham Palace, 6; as Patron, the London Federation of Boys' Clubs, he then attends a fund raising dinner, Claridge's hotel, 7.30. Queen Elizabeth the Queen Mother opens the Royal Veterinary College Small Animal Referral Hospital, Hawkshead, North Myms, Hertfordshire, 2.45.

The Princess of Wales, Patron, the British Lung Foundation, attends a gala concert, Merchant Taylors' Hall, 7.45. Princess Anne, President, the British Olympic Association, attends a lunch, 1 Wandsworth Plain, SW18, 12.30; and later attends a ball organized by St. Loy's College for the Disabled, Hurlingham Club, 8.10. Princess Alice, Duchess of Gloucester, as Patron, attends the general meeting of the East Africa Women's League, Holy Trinity Church House, Brompton Road, 2.50.

The Duke of Gloucester opens the Curver Consumer Products Factory, Corby, Northamptonshire, 12.30; and later, as Colonel-in-Chief, Royal Pioneer Corps, attends a dinner, Simpson's Barracks, Northamptonshire, 7.15. The Duchess of Gloucester opens the World Travel Exhibition, Olympia, W14, 11.15.

The Duke of Kent, Vice-Chairman, the British Overseas Trade Board, opens the tenth Interphex exhibition and conference, Brighton, 10.15; and visits Singer Link-Miles, Lancashire, West Sussex, 12.30; later, as President, the British-Australian Bicentennial Committee, attends a reception, the Mansion House, 6.25; and then, as patron, attends a concert given by the London Philharmonic Orchestra, Festival Hall, 7.20. Prince Michael of Kent unveils a plaque at Laing Homes, East Quay, Wapping, 12 noon.

**Exhibitions in progress** The Etchings of Sir Alfred East; Museum and Art Gallery, Princespark, Telford, Shropshire, Tues to Sat 12 to 5 (ends Jan 3). Paintings, sketches and etchings by Alexander Charles-Jones, Charlie Mackesy and Harold Sayer; Nicol Centre, Brewery Court, Gloucester, Mon to Fri 9.30 to 4.30, Sat 10 to 12.30 (ends Dec 31).

**Music** Concert by the Brodsky String Quartet; New Court Hall, Trevelyan Rd, Truro, 7.30. Organ recital by Andrew Evans; Bangor Cathedral, 1.15. Cardiff Festival of Music: Organ recital by John Fussell; St David's Hall, 1.05; Concert by Musica Varia (Salzburg University Ensemble); Reardon Smith Lecture Theatre, 7.30. Talks, lectures

Edinburgh and the Romans, by Gordon Maxwell; The Old Edinburgh Club, William Robertson Building (Room 8), George Square, Edinburgh, 7.15. Crisis in the Welfare State, by Prof Peter Kain-Caudle; St James Knott Hall, Trevelyan College, Durham, 8. Lady Rothlis Ambassador at Large; Victoria Hall, Grays-over-Sands, Cumbria, 7.15.

**Parliament today** Commons (2.30): Coal Industry Bill, second reading. Lords (2.30): Pilotage Bill, second reading. Debate on British art market.

### TV top ten

National top ten television programmes in the week ending November 12

Rank	Programme	Viewers (millions)
1	EastEnders (Thurs/Sun) 21.45m	21.45
2	EastEnders (Tues/Sat) 21.05m	21.05
3	Nearly Nine Years of the Two Forties 14.70m	14.70
4	Hi-Lo 12.55m	12.55
5	Small Screen 12.50m	12.50
6	Howards Way 12.15m	12.15
7	Newsnight 12.05m	12.05
8	News and Weather (Sat) 11.55m	11.55
9	News and Weather (Sun) 20.51m	20.51
10	Just Good Friends 11.00m	11.00

Rank	Programme	Viewers (millions)
1	Coronation Street (Mon) Granada 17.00m	17.00
2	Coronation Street (Wed) Granada 17.00m	17.00
3	Blind Date (WTF) 16.40m	16.40
4	The Casualty (TV) 13.50m	13.50
5	Bullseye (Cartoon) 13.55m	13.55
6	Mess World 13.50m	13.50
7	The A-Z of TV 13.15m	13.15
8	Executive Suite (Thurs) 13.10m	13.10
9	Executive Suite (Sat) 13.05m	13.05
10	This is Your Life (Thurs) 12.50m	12.50

Rank	Programme	Viewers (millions)
1	Family Ties 10.50m	10.50
2	Just Another Day 7.50m	7.50
3	Worries Wood - As Seen On TV 7.15m	7.15
4	Night Moves 6.40m	6.40
5	My Family 6.30m	6.30
6	Star Trek 4.50m	4.50
7	No Limits (Fri/Sat) 4.19m	4.19
8	Down to Earth 3.50m	3.50
9	Food and Drink 3.00m	3.00
10	Gardeners' World 3.00m	3.00

Rank	Programme	Viewers (millions)
1	Brookside (Mon/Sat) 6.40m	6.40
2	Brookside (Tues/Sat) 6.35m	6.35
3	St. Elmo's 6.20m	6.20
4	Wish Upon A Star 5.50m	5.50
5	Seven Days in May 3.50m	3.50
6	Brookside (Wed) 3.15m	3.15
7	American Football 3.15m	3.15
8	Down to Earth 3.00m	3.00
9	Countdown (Mon) 2.55m	2.55

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### Roads

The Midlands: M1: Contraflow cleared but lane restrictions remain in force. A38 (Mansfield): M54: Lane closures due to carriageway repairs between junctions 2 and 7. A466: Long delays due to bypass construction between Bewdley and Hereford.

Wales and West: M4: Contraflow between junctions 16 (Swindon) and 17 (Chippenham). M5: Contraflow near junction 14 (Thornbury) with northbound entry slip road closed. A5: Resurfacing at Tan y Maes, Bethesda.

The North: M1: Major repair work between junctions 31 and 33 (A57 Worksop/Rotherham). M6: Contraflow between junctions 29 and 32 (A6 Preston/M55). M53: Closed between junctions 1 and 2 over Bidston Moss viaduct, Merseyside.

Scotland: M8: Contraflow between Paisley and Erskine and lane closures at Whitecart. A82: Roadworks and lane closures on the eastbound carriageway between Erskine Bridge and Duglass roundabout. M9: Two contraflows on the Edinburgh to Perth road between Halbeath and Cocklaw and between Cairney Bridge and Arbury interchanges.

**Anniversaries** Births: Lope de Vega, Madrid, 1562; Andrew Carnegie, industrialist and philanthropist, Dunfermline, 1835; Carl Benz, pioneer of automobiles, Karlsruhe, Germany, 1844. Deaths: Isaac Watts, hymn writer, Stoke Newington, 1748; Sir Augustus Pugin, landscape painter, London, 1842; Heinrich Barth, explorer, Berlin, 1865; Lillian Baylis, founder of the Old Vic, London, 1937; Johannes Jansson, novelist, Copenhagen, 1930; Dame Myra Hess, pianist, London, 1965; Upton Sinclair, Bound Brook, New Jersey, 1968; Yoko Ono, writer, Tokyo, 1970.

President Papadopoulos was deposed in a military coup, Greece, 1973.

**Portfolio Gold** Particulars - see in play Monday-Saturday record your daily share price. Add these together to determine your total. If your total matches the published weekly dividend figure you have won your share of £4,000. The prize money is shared by all winners. No responsibility can be accepted for any losses within the stated hours.

You must have your card with you when you win.

If you are unable to telephone someone else can claim on your behalf but they must have your card and call the Times Portfolio Gold line between the stated times.

No responsibility can be accepted for any losses within the stated hours.

The above instructions are applicable to both daily and weekly dividend claims.

Tower Bridge will be raised today at 10.45 am.

### WEATHER

Pressure will be low to the N, and high to the S of the British Isles, resulting in a strong SW flow over all parts. Scotland will have clear or bright intervals and showers. Northern Ireland will have some bright or clear intervals and only scattered showers. N Wales and N England will start cloudy with outbreaks of rain or drizzle. The remainder of England and Wales will be cloudy with outbreaks of rain or drizzle. Temperatures will be strong in many places, and locally gale force in the extreme N and NW. Outlook for tomorrow and Thursday: Continuing changeable in most areas with rain or showers at times, though becoming drier in the S and SE.

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Executive Editor  
Kenneth Fleet

STOCK MARKET

FT 30 Share  
1282.6 (+8.4)  
FT-SE 100  
1636.5 (+11.6)  
Bargains  
27792 (34762)  
USM (Datastream)  
129.69 (+0.57)

THE POUND

US Dollar  
1.4175 (-0.0020)  
W German mark  
2.8605 (-0.0048)  
Trade-weighted  
68.2 (+0.3)

Confusion  
claim over  
T&N bid

AE, the beleaguered engineering group, said last night that legal action being taken by hostile bidder Turner and Newall "is a desperate attempt" to confuse shareholders. AE has agreed to merge with the Hollis Group. Turner and Newall is taking legal action against AE, its merchant bank Hill Samuel, and brokers Cazenove, for costs arising out of their breach of the Takeover Code. Hollis, a subsidiary of Mr Robert Maxwell's company, Pergamon Press, says it will raise the cash alternative part of its offer from 260p to 280p a share if it gets substantial support from shareholders in AE. The deadline runs out tonight.

US mints the  
silver eagle

(AP-Dow Jones) - The American Eagle gold coin, which has soared in popularity since it was introduced last month, was joined yesterday by a silver coin.

Dealers in America were able to buy the one-ounce Silver Eagle for the first time yesterday. There were 1.4 million coins offered for sale. Each has a face value of \$1 (71p), but its actual price will be determined by the market price of silver.

Profits ahead

Marshall's Halifax, the Yorkshire building materials and engineering company, announced profits for the half year to the end of September up from £4.1 million to £5.2 million. Turnover rose 27 per cent to £46.2 million. An interim dividend of 1.75p was declared. *Times*, page 32

£400m offices

Prudential Portfolio Managers, part of the Prudential Corporation, the insurance company, is planning to develop a £400 million, 900,000 sq ft office building in the City of London. The Prudential has owned the freehold of the three acre site since 1970.

No referrals

Reckitt & Colman's acquisition of Durice Famous Foods is not being referred to the Monopolies and Mergers Commission. Also cleared are the acquisitions by Debon Investments of Guildford Industries and by Grand Group of Hardman Radio and Servicepoint.

Arrow sale

Blue Arrow has sold its US contract cleaning subsidiary, IMS/Kayward, of Boston, Massachusetts, for \$1.2 million (£851 million) cash.

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MARKET SUMMARY

STOCK MARKETS	
New York	1907.90 (+14.34)
Dow Jones	1907.90 (+14.34)
Nikkei Dow	Closed
Hong Kong	2343.99 (+69.61)
Amsterdam	295.5 (+2.49)
Sydney: AO	1337.6 (-8.5)
Frankfurt	2046.5 (+32.7)
Commerzbank	2046.5 (+32.7)
General	3969.38 (+14.01)
Paris: CAC	3924 (+4.4)
Zurich: S&K	559.20 (+0.7)
London: FT	1636.5 (+11.6)
FT 100	1636.5 (+11.6)
FT 30	1282.6 (+8.4)
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INTEREST RATES	
London Bank Base	11%
3-month Interbank	11% - 11.5%
3-month eligible bills	10% - 10.5%
buying rate	
US Prime Rate	7.5%
Federal Funds	5.5%
3-month Treasury	5.35 - 5.53%
30-year Treasury	10.1% - 10.15%

CURRENCIES	
London	New York
£ \$1.4175	\$ £1.4175
£ DM2.8605	\$ DM2.8605
£ FF2.3920	\$ FF2.3920
£ FF6.5110	\$ FF6.5110
£ Yen232.54	\$ Yen232.54
£ Index 111.5	\$ Index 111.5
ECU £1.26538	SDR £1.26538

Commercial reasons for abandoning South African bank

£42m loss on  
Barclays sale

By Richard Thomson, Banking Correspondent

Barclays Bank's sale of its remaining stake in Barclays National Bank of South Africa for £80.3 million took the City by surprise as the British bank is realising considerably less than it would have done two or three years ago.

Sir Timothy Bevan, the chairman, said yesterday that Barclays was discussing the disposal since last May. The sale was justified on commercial grounds because the outlook for the South African economy had become extremely uncertain and Barclays no longer fitted into the bank's strategy of expansion into Far Eastern, European and American markets.

"Clearly it is better to make an investment in the US than in South Africa, which is uncertain and disapproved of by the rest of the world," Sir Timothy said.

The way was cleared for the sale in the last set of interim accounts in August, when the Barnat holding was revalued from a commercial rand rating to a financial rand rating, reducing its sterling value from £106 million to £38 million - a paper loss of £68 million.

Unless the proceeds of the sale are taken in financial rands they cannot be repatriated to Britain. The bank calculates that, set against the net asset value of its stake, it is making a £6 million profit after tax. But taking the adjustment into financial rands into account, it is sustaining a book loss of £42 million overall.

Sir Timothy admitted that the stake would have been worth considerably more in sterling terms before the sharp fall in the rand about a year ago. But he added that this was partially offset by a rise in Barnat's share price over the same period.

Barclays will, however, retain cross-border loan exposures to South Africa worth £766 million at the end of last year. Of this, £538 million was in interbank lending to Barnat.

Barclays is selling most of its 40.4 per cent holding to

Barnat's three other large shareholders - Anglo-American, De Beers and Southern Life Association.

Sir Timothy said the price of R18 (£5.66 at the commercial rand rate) per share represented a 20 per cent discount to Barnat's present market value but was 40 per cent above the net asset value of the South African bank.

Barnat's contribution to Barclays' post tax profits slumped to 2.7 per cent in 1985, despite the increasing risk of operating in South Africa. The adverse publicity caused by its South African investments also helped to cut Barclays' share of the important student bank account market from 25 per cent to around 17 per cent in recent years.

Shares in South African gold mines were pushed lower yesterday by news of the Barclays withdrawal and a sharp drop in the gold price, which hit a three-month low of \$378.75 an ounce in New York on Friday.

The financial rand, which has to be used for all investment transactions in South Africa, fell by US2 cents in early trading to 21.75 cents before recovering to about 22.13 cents on investment demand and a stronger gold price of \$381 after New York trading opened.

Leading gold mine shares fell as much as £3, with Vast Reef dropping from £37.50 to £34.50 and Randfontein marked down from £62.50 to £59.50.



Sir Timothy Bevan: 'disposal discussed since last May'

No more firms  
set to leave

There were few signs yesterday that any other large British companies with South African interests were about to follow Barclays' lead.

Standard Chartered Bank, which will now have the largest banking exposure in South Africa of any British Bank, said that it had no plans to sell its 39 per cent stake in Stanbic.

Sir Leslie Smith, chairman of the British Industry Committee on South Africa, which has 50 members, said: "There is no reason to suppose that Barclays' move will encourage other companies to pull out of South Africa."

Barclays is the only large British company to follow the withdrawal of several US multinationals, including IBM, Coca-Cola, General Motors and Kodak. The small British building company Marshall's Halifax yesterday also put its South African subsidiary up for sale.

UK bid to tighten  
up on insider deals

By Colin Nairn

Britain hopes to bring together regulators from Europe, the United States and Japan next month to try and widen the international information net aimed at preventing fraud and malpractice in the financial sector. Government officials said yesterday.

The move comes amid growing concern that insider dealing and related abuse of the securities markets frequently involve complex international deals intended to cover the tracks of the wrongdoer.

The Trade and Industry Department has an accord with two US statutory bodies, the Securities and Exchange Commission and the Commodity Futures Trading Commission, providing a framework for swapping confidential information between regulators to help investigations.

This understanding enabled the SEC to pass on information to the DTI concerning the British dimension of the activities of Mr Ivan Boesky, the disgraced American financier. The DTI relayed it to the Stock Exchange.

Mr Michael Howard, the Minister for Consumer and Corporate Affairs responsible for Britain's financial services legislation for the post-Big Bang era, is the man trying to set up the wider working on exchanging information.

Which governments or appropriate regulatory authorities will attend has not been worked out but the group may extend to Australia and Canada.

Switzerland, however, whose penchant for secrecy in the financial sector is well-known, will not participate owing to special problems linked to rules applied by the Swiss universal banks.

Despite traditional Swiss opacity, the British Government generally regards Switzerland as "relatively cooperative" where cross-border wrongdoing is under investigation. DTI officials noted.

Free to trade in securities alongside other banking business, the secretive Swiss banks are widely perceived as a channel for financial transactions that might not bear official scrutiny elsewhere.

And it is argued that without information from Switzerland, any international information net would be severely flawed.

The Bank of England is, however, understood to believe that the highly developed, albeit fairly informal, web of contacts between the central banks in the industrial world provides the means for extracting cooperation from the Swiss.

Furthermore, the Swiss have no monopoly on rules concerning banking confidentiality, which are a barrier to the free exchange of information between many countries, including Britain.

£10.5m bid  
for Norscot  
Hotels

By Derek Harris

Industrial Editor  
Pleasurama, the casinos and leisure group, has offered £10.5 million for Norscot Hotels, the USM-quoted hotel group with most of its properties in Scotland.

The deal, on agreed terms but subject to Norscot shareholder approval, will add 12 hotels to Pleasurama's expanding chain linked to coaching holidays. With the purchase earlier this year of National Holidays from National B&S this is the biggest coaching holidays operation in Britain.

Although the Norscot deal will add 1,632 bedrooms and will bring the number of hotels in the Pleasurama chain to 36, the group is seeking further hotel acquisitions in the South, South-west and Scotland to dovetail with the coaching holidays operations.

Mr Barry Hardy, a Pleasurama director, said: "Part of the Norscot deal is an offer by Mr Peter Ross, Norscot's executive chairman, to buy back the Stonefield Castle Hotel at Tarbert on the shores of Loch Fyne."

Pleasurama is offering 184p a share for just over 50 per cent of Norscot ordinary shares. Interim results at Norscot last year showed an increase in profits from £341,000 to £552,000.

Profits double to £50m  
at News Corporation

Pretax profits at News Corporation, the film, television and publishing group, which includes *The Times*, the *Sunday Times*, the *News of the World* and the *Sun*, more than doubled to £49.36 million in the quarter ended September 30 from £24.81 million in the same period last year.

The results reflected improved trading profits in both the United States and Britain.

Pre-interest trading profits in America, where Twentieth Century Fox Film Corp and Fox Television Stations have become subsidiaries over the past year, rose from £11.5 million to £26.6 million. The acquisitions helped

world-wide turnover rise by 83 per cent to \$1,323 million.

British profits increased from £39.1 million to £49.36 million. The company's four British newspaper titles moved to a new high-technology printing plant in Wapping, east London, in January.

Foreign exchange earnings and investment income also rose, although profits fell in Australia, the company's 'home base'. Interest and preference dividend payments were higher to finance the acquisitions.

Shares in News Corporation, which recently obtained a listing on the London Stock Exchange, fell 10p to 725p.

Midland rejigs  
venture arm

Midland Bank has restructured its investment management and venture capital activities, bringing them under one organisation and has formed a new holding company for its investment management business, Midland Montagu Asset Management.

It will operate through three companies - Midland Montagu Fund Managers, Greenwell Montagu stockbrokers and Samuel Montagu and Co (Jersey) - with over £4 billion of funds under management.

Early birds in  
the great  
gas sell-off

By Teresa Poole, Business Correspondent

Applications for shares in British Gas began to arrive yesterday with the first trickle of completed forms from customers.

Although the prospectus is not published until today, about a million mini-Saturday's post to gas users who had registered for their guaranteed allocation. A further 6.5 million will be delivered to homes by Thursday.

A spokesman for National Westminster Bank, the leading receiving bank, said more than a dozen completed forms had arrived already at the bank's main London office. "Some customers have lost no time but we expect the real flood to start on Tuesday," he added.

On the "grey market", Cleveland Securities were quoting a price of 61p for the 50p partly-paid shares. More than a million shares changed hands through Cleveland yesterday with the largest buying order for 250,000 shares.

Touche Ross, the accountants, will be policing the issue and have already identified more than 1,000 multiple registrations from people who will be under special scrutiny when their applications are received.

Eight firms have so far registered with the Stock Exchange as market-makers for British Gas, including Smith New Court, County Securities

Trading, and the market-making arm of Hoare Govett. Wood Mackenzie would not comment but its market-making operation is understood to have registered. At least 10 are needed for British Gas to qualify as an alpha stock and more market-makers are expected to come forward before Thursday's deadline.

Mr Brian Winterflood, managing director at County Securities Trading, said he expected up to 20,000 bar-

To buy shares in British Gas, the full prospectus is on pages 35-50

gains a day for his own firm when dealing start on December 8 compared with 5,000 for Trustee Savings Bank.

There has been concern that the expected high volume of small deals would deter some market makers, particularly after the experience of TSB. One said that his firm had been approached by two institutions who were concerned that their own jobbers would not be able to cope.

NatWest to offer  
dealing service

By Peter Gartland

British Gas shareholders will be able to sell their shares through branches of the National Westminster Bank as part of an instant dealing service announced yesterday. Shareholders, who are expected to receive their acceptance letters in the week beginning December 15, can present these letters at any NatWest branch throughout Britain. They need not be NatWest customers.

Any number of shares from 50 to 5,000 can be sold in this way and a cheque for the share sale will be issued immediately.

The service will initially only be available for British Gas shares, until February 6, by which time NatWest plans to offer a similar scheme for the British Airways flotation.

County Securities, NatWest's share dealing subsidiary, will operate the service, which is available for buying as well as selling British Gas

Lord Boardman, chairman of NatWest, says the entire operation has cost £3 million and will be able to handle up to 20,000 deals a day. NatWest eventually hopes to expand the service.

The scale of commission charges for selling British Gas shares through NatWest branches will range from a minimum of £3 for deals up to £150 to 1.5 per cent of the sale value on deals of £500 and more. The spread between buying and selling prices is likely to be between 1p and 2p.

Hoare Govett, one of the four stockbrokers to the offer for sale of British Gas shares, has opened its own share shop in a British Gas showroom at 319 High Holborn, central London.

Prospectuses will be available from the share shop from today. After December 15, investors will be able to sell the shares at the shop and receive immediate payment.

SIB holds clearers to polarization  
Curbing the bank manager

By Lawrence Lever

The clearing banks have lost their battle to persuade the Securities and Investments Board to drop restrictions on selling their own life assurance and unit trusts through their branch networks.

The decision by the SIB, announced yesterday, to stand firm on so-called "polarization" means that banks will have to make substantial changes in the way in which they sell these products through their branches.

The banks had been opposed to polarization - an idea introduced by the SIB stipulating that those selling financial products must be either independent intermediaries selling a range of products or company representatives selling one company's products alone.

The banks have been petitioning Parliament and the SIB to exempt them from the effects of polarization. They say that it would restrict the broad advisory role of the branch bank manager who often provides general financial advice encompassing recommendations of in-house and outside products.



Sir Kenneth: concern for customers

This would be particularly acute in provincial areas where customers relied heavily on their bank branch for advice. The SIB's decision came in a letter by Sir Kenneth Berrill, the chairman of the SIB to the Committee of London and Scottish Clearing Banks.

"The Board remains convinced that in the area of the retail selling of life assurance and unit trusts the policy of polarization is essential to secure the necessary clarity of status of the salesman or intermediary in the minds of the consumer," Sir Kenneth says.

that bank branch managers will have to act as independent intermediaries or simply sell the in-house products.

These branches acting as intermediaries will only be able to recommend the in-house product in limited circumstances.

According to Sir Kenneth's letter these are "when not to do so would be demonstrably to the disadvantage of the customer."

The SIB's insistence on polarization means that where a bank owns an independent intermediary or has an independent intermediary unit, then that intermediary will also only be able to recommend the bank's products in the same limited circumstances.

Sir Kenneth said that bank portfolio managers - managers of investments on behalf of customers - would be able to select the bank's own unit trusts.

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FUTURES AND  
OPTIONS

## Farmers hope for happier ending

When M. Louis Malle, the French film director, went to Chicago, Illinois, in 1979 to make *God's Country*, a sympathetic documentary of life in the American heartland, he found a community of farmers who loved their land almost as much as their families.

As a postscript to the film, M. Malle returned to Chicago six years later to find the farmers depressed by falling grain prices, enormous loan burdens and stubbornly high crops at home and abroad.

One farmer said he would be doing everything he could to dissuade his eight-year-old son from taking over the farm — if there were still a farm to take over. Another of M. Malle's interviewees spoke ominously of bands of farmers who were starting tax strikes.

The reasons behind the malaise of the American farmer have also had severe repercussions for the futures markets, which trade grain contracts, principally the Chicago Board of Trade (CBOT).

### Futures fall

Apart from reducing the number of producing, consuming and other industry players, low prices have driven away the speculator, mostly to exciting new markets, notably financial futures, which have come on stream with far greater volume and price volatility.

If agricultural futures have not declined in absolute terms, their fall relative to other contracts has been enormous. In 1976, some 16 million, or about 85 per cent of the 19 million contracts traded on the CBOT were in agricultural goods.

In the first nine months of this year, exchange members shook hands on almost 62 million futures contracts of which only 15 million lots, about a quarter, were in wheat, corn and the three soybean markets.

In an attempt to revive the old with the new, the CBOT is in the midst of an agricultural options programme which by next February will have matched each of the five futures contracts with a derivative option. If it appears that the exchange should have thought of doing this long ago, the answer is it did, but was only allowed to proceed when a 48-year-old ban on farm options was lifted in 1984.

So far the exchange is pleased with the progress made by the options, although no one is about to boast of their howling success. Soybean options, the first on the floor in October 1984, traded 693,000 contracts in the first 10 months of this year while corn, introduced four months later, was not far behind with 477,000 lots.

As CBOT officials admit, the numbers are pitifully small compared with the exchange's Treasury Bond options, which have traded more than 15 million lots this year. The revival effect on the futures contracts they serve has also been minimal — corn futures volumes are 2 per cent down on last year while soybean business is off 12 per cent.

The markets only really sprang to life at about the time of the Chernobyl disaster, which sent speculators' minds racing with visions of eastern European plains forever blighted by nuclear fallout.

The exchange takes more comfort from the fact that the options are beginning to be taken seriously in the grain trade — not M. Malle's miserable family farmers, but what the CBOT's Mr Peter Donnelly calls "corporate farmers" — huge undertakings owned by companies rather than individuals.

### Fixed price deals

Mr Donnelly, who heads the CBOT's new London office, also says the options are being used by grain storage companies which buy the corn and beans from farmers. By charging the farmer for the put option, and giving him the payoff if prices move in the right direction, store owners are now in a better position to offer fixed price deals.

According to Mr Donnelly, there are also moves to institutionalize the options, at least in a pilot programme, in the latest farm legislation.

The third CBOT farm option in wheat started last week and the final two contracts in soybean oil and meal will be posted next February, with hopes particularly high for the oil contract because of the high overseas interest in this area.

Even if they never prove to be a howling success, the agricultural options are unlikely to be cast aside in Chicago with the haste that other quiet contracts are disposed of. If prices do not start improving soon, the options could well outlast the farmers of Glencoe.

Richard Lander

STOCK MARKET REPORT

# Dealers clear the decks for British Gas debut

By Michael Clark and Carol Leonard

It was all systems go for British Gas in the stock market yesterday, with dealers predicting a warm reception for the £5.6 billion issue when dealings start on December 8.

The prospectus is published today and with so much money now earmarked for the flotation, business in the rest of the market has been hit. Turnover among other leading shares was reduced to a trickle.

Mr Paul Spedding, leading oil analyst at Kleinwort Greaveson, adviser to British Gas, is already predicting that institutional investors will have their applications scaled down.

He says: "They are already buying other oil stocks like BP and Shell to maintain their weighting in the sector," he says.

BP has risen more than 20p in the past couple of weeks and yesterday it gained a further 8p to 701p while Shell climbed 10p to 968p.

"The feeling in the market is that British Gas will go well," Mr Spedding says, "but while investors should see the shares go to a good premium they will not double their money overnight."

In the unofficial grey market, Cleveland Securities, the licensed dealer in already quoted, the party-paid 50p British Gas shares at 63p, a 13p premium.

The FT-30 share index, helped by an early rise on Wall Street, closed at its highest level of the day, 8.4 higher, at 1282.6 and the FT-SE 100 index gained 11.6 to 1636.5.

The stronger pound boosted gilts, which showed rises of up to 4½ at the longer end.

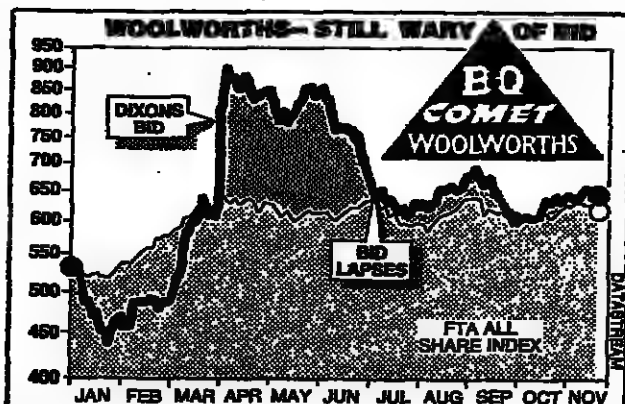
Among blue chips Hanson Trust firmed 3p to 202p on renewed American support.

Spaxtex, the signwriter, which started dealings on the Unlisted Securities Market, yesterday, went to 205p, a 35p premium over its 170p placing price.

Virgin, the record and pop music empire run by Mr Richard Branson, however, was still struggling to stay above its 140p striking price. The shares ended the day 1½p below it at 138½p.

Stores were one of the high spots of the stock market as market men grew increasingly confident that the Government will, after all, be able to afford a full 2p in the pound cut in income tax.

Next, the fast-growing mens and womenswear fashion



chain, was one of the first to benefit, climbing 8p to 222p, as analysts talked about a re-rating for its shares.

"They have had a bad run over the past month," says leading retail analyst Mr Paul Aynsley, at Wood Mackenzie, the broker, "because people are worried about dull trading in its womenswear division."

But womenswear only accounts for about 20 per cent of group profits and the company has now developed two distinctive ranges for its Next Collection and Next Too shops, which should help.

He says that by January 1988 Next will only be on a 5 per cent premium to the market, whereas, for such a high growth company, he thinks it deserves to be on a 30 per cent premium.

Brewers would also benefit from a consumer spending spree and most of them showed signs.

Amid speculation as to which small regional firm will be the next to be taken up by one of the brewing companies, Morland, where Whitbread has a large holding, gained 17p to 397p.

### ALPHA STOCKS

These prices are as at 8.45pm

1986	High	Low	Company	Price	Old	Change	Div	Yld	Vol	Value
383	283	283	Alfred-Lorne	515	330	+7	13.8	4.3	14.5	1,100
174	125	125	ASDA-MFI	150	100	+8	4.8	2.8	17.5	2,400
489	278	278	BTR	400	305	-5	9.8	3.8	18.7	1,800
491	281	281	BAT	408	395	+3	18.4	4.0	12.5	747
372	448	448	Baxley	460	475	+15	28.1	8.0	4.5	4,800
540	590	590	Bass	738	748	+10	21.7	3.9	15.8	88
480	356	356	Bechem	422	427	+5	17.1	4.0	17.7	2,800
725	525	525	Bio Circle	548	548	+1	80.0	4.8	8.2	555
383	283	283	BOC	380	385	+5	14.5	4.8	14.5	855
289	170	170	Boots	225	225	+10	10.6	4.7	14.8	2,300
588	423	423	Br Aerospace	485	423	+6	23.4	4.8	10.8	438
705	589	589	Br Ferret	688	705	+16	48.8	8.8	7.7	3,100
380	177	177	Br Telecom	185	185	+8	18.7	5.4	11.5	4,600
188	56	56	Britoil	158	180	+1	8.5	8.8	9.5	3,100
354	258	258	Barton	274	278	+4	8.1	2.9	14.5	2,000
359	277	277	Cable & Wireless	321	325	+4	7.2	2.2	18.2	2,200
165	138	138	Cadbury Schweppes	181	184	+3	8.7	4.8	8.1	2,400
385	257	257	Com User	281	285	+4	17	4.8	10.7	577
704	428	428	Corn Goldfields	685	688	+3	36.0	5.3	11.8	788
327	222	222	Courtauld	322	325	+3	8.5	2.9	10.9	1,500
458	318	318	Dixons	384	328	+5	4.3	1.8	28.2	988
680	428	428	Fluoro	525	525	+1	17.1	7.1	11.5	1,100
554	701	701	Gen Accident	788	805	+17	34.5	4.3	28.2	55
225	125	125	GECC	182	186	+4	6.1	3.8	11.5	5,800
114	720	720	Glen	910	920	+10	28.0	2.2	18.1	703
488	328	328	Grand Ltd	488	488	+1	13.5	2.9	12.4	1,200
114	721	721	GRS 'A'	985	985	+10	30.0	3.0	15.8	388
854	720	720	GRE	788	772	-16	48.8	8.8	28.2	89
380	226	226	GRON	283	286	+3	17.9	8.8	8.9	1,000
380	278	278	Gulfsave	320	325	+5	10.5	8.1	12.4	2,100
215	141	141	Hanson	201	203	+2	8.7	1.8	11.8	8,800
828	428	428	Hevor Slidley	419	422	+3	21.4	5.1	8.2	828
114	724	724	Imp Chem Ind	104	104	+1	48.8	4.8	11.8	848
388	328	328	Jaguar	387	318	+6	12.7	2.9	10.5	802
391	512	512	Lactoflow	588	588	+1	18.8	4.8	17.4	888
348	278	278	Land Securities	337	340	+3	14.5	4.3	22.7	948
288	133	133	Legal & Gen	225	230	+5	12.5	5.4	39.0	918
484	288	288	Lloyds	425	430	+5	25.0	5.9	8.9	371
388	183	183	London	242	242	+1	17.1	7.1	11.5	1,100
391	183	183	Marks & Spencer	184	187	+3	8.9	3.0	23.4	5,800
580	417	417	Midland	480	487	+7	37.1	6.7	30.5	188
688	428	428	Met West	480	487	+7	37.8	6.8	5.2	1,100
378	428	428	P & O Direct	418	418	+1	18.8	4.8	17.4	888
348	182	182	Plessey	188	172	-16	7.2	4.2	12.8	1,700
942	718	718	Prudential	788	805	+17	36.6	4.8	28.9	188
324	148	148	Real Elect	188	172	-16	4.3	2.6	18.0	2,400
600	685	685	Real Estate	688	688	+1	28.1	4.8	17.4	888
582	345	345	Reuter	542	547	+5	5.4	1.9	41.2	884
781	511	511	RITZ	688	673	-15	51.4	4.7	8.9	212
587	782	782	Royal Ind	810	817	+7	38.6	4.7	88.7	328
488	344	344	Sainsbury (J)	412	416	+4	8.4	2.9	84.0	542
148	108	108	Seavoy	137	137	+1	8.4	2.9	84.0	1,300
416	321	321	Sedgwick & Co	380	385	+5	17.1	4.7	17.3	218
570	853	853	Shell	885	870	-15	51.4	5.3	8.5	1,100
188	56	56	STC	188	183	-5	5.1	1.8	14.5	2,700
772	529	529	Sun Alliance	618	618	+1	27.8	4.4	58.0	888
814	754	754	TSB PPF	767	778	+11	8.9	2.3	21.9	1,500
420	285	285	Tesco	380	380	-5	8.9	2.3	21.9	1,500
589	374	374	Thorn EMI	475	480	+5	25.0	5.2	34.8	618
240	248	248	Tottenham House	288	251	-37	18.8	4.8	7.8	854
203	129	129	Trusthouse Forte	188	172	-16	7.9	4.8	18.9	1,800
204	124	124	Unilever	204	204	+1	80.1	2.8	18.7	225
229	216	216	Unilever	229	242	+13	13.6	5.8	13.0	607

Shares in Woolworth Holdings responded to the news that the group is applying for a third Thatcher Government. At a stroke, President Reagan and Congress have reduced the number of tax rates to two — a 28 per cent top rate and 15 per cent; broadened the tax base; shifted the burden from persons to corporate taxpayers; and simplified the system by obliterating most of the tax shelters.

The same reforms may provide also an unconvincing bonus if they help to move interest rates lower. The US Treasury is expecting some downward pressure when tax relief on personal borrowing is removed on January 1. Raising the price of something normally reduces demand for it and removing tax relief should reduce the demand for bank finance.

Nobody is expecting the effect to be enormous. For one thing relief on mortgage interest on first and second homes remains, and some of this money will undoubtedly be applied to other areas of consumer spending. Personal borrowing other than for homes is only one area of the market.

The best guess is that the effect on interest rates will be rather less than 1 per cent, but any downward pressure on rates in the new year will be welcome internationally, not least in Britain.

Highly significant for the long term future of tax reforms are the possible effects of the tax changes on growth and employment. Speaking at a conference yesterday organized by the Institute for Fiscal Studies, John Wilkins, a senior adviser to the US Treasury on tax policy, estimated the supply side effect of the changes as 0.2-0.3 per cent a year on economic growth and about the same on employment — say, 2 million jobs.

These estimates are fragile. But they underline that the purpose of tax reform is not just ease of administration or votes but the better working of the economy.

It may be true, as the institute's new director, Mr Bill Robinson, suggested, that Britain started from a slightly less chaotic tax structure than that of the US and that this country has made some worthwhile reforms already. The present fashion for gloom about Britain's efforts at tax reform is overdue. But we certainly have more to learn from the reforms now under way not only in the US but in most of the developed countries of the world.

### Crucial trade figures

The pound has managed to compose itself ahead of the October trade figures, due this morning, helped by a little dollar nervousness about US trade data, to be published tomorrow. The market has decided that Britain's balance of payments was so bad in

shares a wide berth. Midland Bank 1p firmer at 555p, and Lloyds Bank, up 4p to 433p, have both just returned from giving investment seminars in the US. National Westminster Bank hardened 4p to 499p.

Costain fell 11p to 491p after a downgrading by Chase Manhattan Securities from £70 million to £63 million for 1986. Chase was worried about recurring geological problems at Pyro Mine in the US. Costain's own broker, BZW, is sticking to its forecast of £65.5 million, and believes the problems at Pyro were solved last month.

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THE TIMES UNIT TRUST INFORMATION SERVICE

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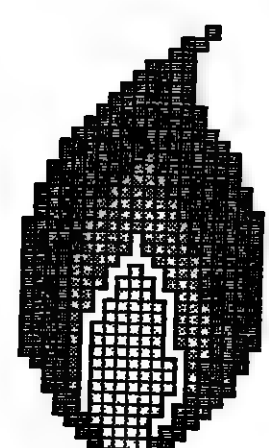
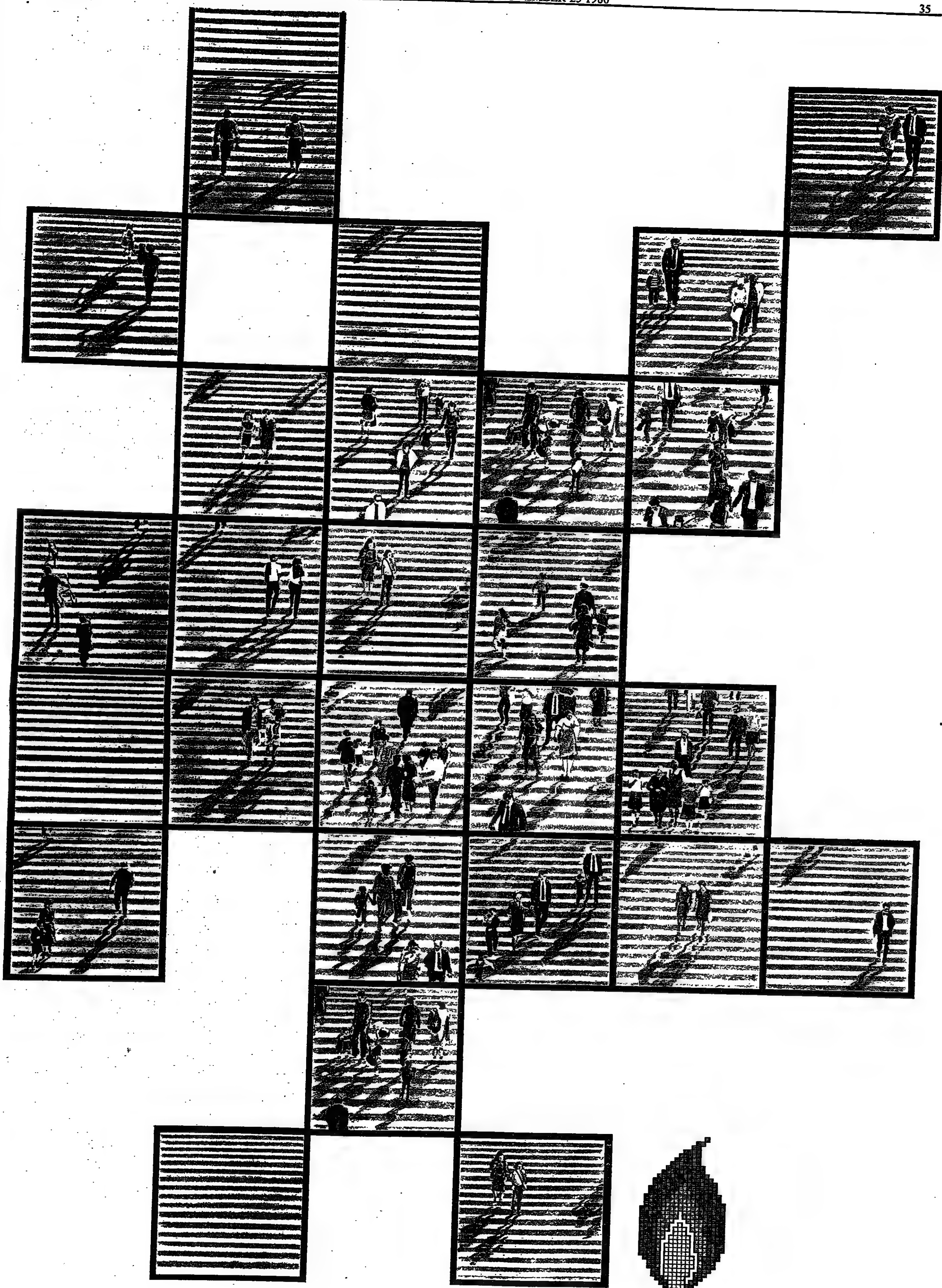
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day of month, (29) Last Thursday of  
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15th of month, (40) 1st day of month, (41)  
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month, (44) Quarterly, (45) 9th of month,  
(46) 2nd Tuesday of month,

## INVESTMENT TRUSTS

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100-443887-100





**British Gas plc  
Offer for Sale**



The Directors of the Company are responsible for the information contained in this document other than the information in Sections II, VII (Parts G, H and I), VIII, IX and X of this document for which the Secretary of State is responsible. The Secretary of State is also responsible jointly with the Directors for the information in Section III of this document. To the best of the knowledge and belief of the Directors and the Secretary of State, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they are respectively responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors and the Secretary of State accept responsibility accordingly.

# British Gas plc

## Offer for Sale

by

**N M Rothschild & Sons Limited**

on behalf of

**The Secretary of State for Energy**

Under the Offer for Sale in the United Kingdom and separate offerings in the United States, Canada, Japan and Europe

4,025,500,000 Ordinary Shares of 25p each are being offered at 135p per share of which 50p is payable now, 45p is payable on 9th June, 1987 and 40p is payable on 19th April, 1988.

The Offer for Sale in the United Kingdom has been underwritten by

**N M Rothschild & Sons Limited**

**Kleinwort Benson Limited**

**Barclays de Zoete Wedd Limited   Baring Brothers & Co., Limited   Charterhouse Bank Limited**  
**County Limited   Robert Fleming & Co. Limited   Hambros Bank Limited   Hill Samuel & Co. Limited**  
**Lazard Brothers & Co., Limited   Lloyds Merchant Bank Limited   Samuel Montagu & Co. Limited**  
**Morgan Grenfell & Co. Limited   J. Henry Schroder Wagg & Co. Limited   S.G. Warburg & Co. Ltd.**

A copy of this document, which comprises the listing particulars in relation to the Company required by The Stock Exchange (Listing) Regulations 1984, has been delivered for registration to the Registrar of Companies in England and Wales in accordance with those Regulations. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital, issued and to be issued, of the Company to be admitted to the Official List. This document is not for distribution in the United States or Canada.

### KEY INFORMATION

The following information should be read in conjunction with the full text of this document.

#### THE BUSINESS

British Gas is the largest integrated gas supply business in the western world, providing over 99 per cent. of the natural gas used in Great Britain. It supplies over half of the energy used in British households and about a third of the energy used by British industry and commerce, after excluding fuel used for transport. It has nearly 17 million customers.

The primary activity of British Gas is the purchase, distribution and sale of gas, supported by a broad range of services to customers and by the marketing of gas appliances. British Gas supplements the purchase of gas from third parties by its own exploration and production activities.

More than half of the gas sold by British Gas is used by domestic customers, whose main point of contact with British Gas is provided by a network of nearly 800 showrooms. Industry, particularly the chemicals and engineering sectors, uses over a quarter of the gas sold. Commercial customers, such as schools, offices and hospitals, account for the remaining gas sales.

British Gas has an impressive record of business performance, of which the key features are:

- the total number of therms sold was nearly 40 per cent. higher in the year ended 31st March, 1986 than in the year ended 31st March, 1976 and 14 per cent. higher than in the year ended 31st March, 1981, despite some reduction in total United Kingdom energy demand since 1979
- overall market share in terms of energy supplied to final users (excluding transport) reached 44 per cent. in 1985 compared with 28 per cent. in 1975 and 39 per cent. in 1980
- significant improvements in productivity were reflected in the number of therms sold per employee increasing by nearly 32 per cent., and customers per employee increasing by more than 25 per cent., over the five years ended 31st March, 1986
- the level of profits in the last five financial years enabled a £3.6 billion capital expenditure programme, including the major developments of the South Morecambe and Rough gas fields, to be financed entirely out of cash generated from operations, while the cash resources increased by more than £600 million over the period.

In the past the affairs of British Gas were significantly influenced by government controls and constraints, in particular by the application of financial targets. Under this regime, which will cease to apply when the Company leaves the public sector, British Gas achieved in the five years ended 31st March, 1986 an average annual pre-tax return on net assets of 4.8 per cent. on a current cost basis and of 19.5 per cent. on an historical cost basis.

In preparation for the move into the private sector, the business of the Corporation was transferred to the Company in August 1986, and the capital structure has been changed by the introduction of indebtedness and the creation of share capital. In addition, a new regulatory regime has been established which places limitations on gas prices charged in the tariff sector (mainly domestic sales) but not in the contract sector (mainly industrial sales).

The Directors consider that there is potential for further steady growth in sales to customers in the domestic and commercial markets where British Gas has a strong position. In the industrial market there has been a substantial reduction in turnover this year, although the recent modest recovery in oil prices has enabled British Gas to recover some sales. The reduction in turnover should be offset by the benefit of lower gas costs in the current financial year and there is expected to be a further reduction in gas costs in the next financial year as a result of the delayed effect of the overall fall in oil prices in 1986.

The Directors recognise that the ending of government controls and constraints following the move out of the public sector will provide wider commercial opportunities than have been available in the past, and believe that there are good prospects for the future development of the business.

#### OFFER FOR SALE STATISTICS

Offer for Sale price (payable by instalments)	135p
Market capitalisation at the Offer for Sale price	£5,602.5 million
Price earnings multiple based on pro forma HCA earnings of 13.9p per Ordinary Share forecast for the year ending 31st March, 1987	9.7 times
Gross dividend yield at the Offer for Sale price based on notional net annual dividends of 6.5p per Ordinary Share	6.8 per cent.

#### FINANCIAL INFORMATION

British Gas prepares its accounts under the current cost convention so as to give due regard to the long life of its capital assets. The accounts include historical cost financial information in order to facilitate comparisons with publicly-quoted companies. Set out below are the unadjusted and pro forma results for the year ended 31st March, 1986 and the forecast results for the year ending 31st March, 1987 on a current cost and on an historical cost basis:

Current cost			Historical cost		
Year ended 31st March, 1986	Forecast for year ending 31st March, 1987		Year ended 31st March, 1986	Forecast for year ending 31st March, 1987	
£ million	£ million	Unadjusted	£ million	£ million	
688	787	Operating profit	1,006	1,030	
782	836	Profit before taxation	1,100	1,071	
402	442	Profit after taxation	720	677	
£ million	£ million	Pro forma	£ million	£ million	
559	671	Profit before taxation	831	884	
287	362	Profit after taxation	559	575	
6.9p	8.7p	Earnings per share	13.5p	13.9p	

#### Notes:

- The profit forecast described in Part E of Section I is made by the Directors on the basis of the assumptions set out in Section V. In particular, the results for the year ending 31st March, 1987 would be affected if the weather were to vary significantly during the remainder of the year from the seasonal normal pattern.
- In arriving at the unadjusted profit before taxation forecast for the year ending 31st March, 1987 £86 million has been charged in respect of interest on the debenture issued to H.M. Treasury.
- Pro forma figures have been set out above in order to give an indication of the profit of British Gas for the year ended 31st March, 1986 and the forecast profit for the year ending 31st March, 1987 as if the new capital structure had been in place throughout the two years (see Part B of the accountants' report).
- British Gas charges the cost of replacing certain categories of fixed assets against the profit and loss account. The effect of this policy over the last five years is set out in Part D of Section I.
- Financial information on British Gas for the five years ended 31st March, 1986 is set out in the accountants' report (see Section IV).

#### STRUCTURE OF THE COMBINED OFFER

Under the Combined Offer H.M. Government is now offering for sale 4,025.5 million Ordinary Shares, representing 97 per cent. of the ordinary share capital, issued and to be issued, of the Company. This number includes up to 795.5 million shares which are the subject of separate offerings in the United States, Canada, Japan and Europe, all of which have been fully underwritten.

Under the Offer for Sale in the United Kingdom certain institutional investors are being allocated 1,615 million shares. A further 1,615 million shares are being made available to the general public (the "U.K. Public Offer"), including eligible British Gas customers, employees and pensioners. If valid applications under the U.K. Public Offer are received for more than 3,230 million shares, the allocations to institutional investors and to the overseas offerings will be reduced by 40 per cent. (964.2 million shares in aggregate) and the number of shares available for the U.K. Public Offer will be increased accordingly from 1,615 million to 2,579.2 million.

By 14th November, 1986 about five and a half million people had registered as customers with the British Gas Share Information Office. Each customer who is eligible has been guaranteed, on application, a minimum allocation of 200 shares; up to ten per cent. of the U.K. Public Offer has been set aside to give greater allocations to such customers who apply.

The Secretary of State is excluding from the Combined Offer 124.5 million shares, representing three per cent. of the ordinary share capital. Of these, 38 million shares are being offered separately by the Secretary of State to eligible British Gas employees and pensioners under the Free Offer, the Matching Offer and the Pensioner Free Offer (as defined in Section IX). In addition, eligible British Gas employees and pensioners will be given priority in allocations under the U.K. Public Offer. Of the ordinary share capital, issued and to be issued, of the Company five per cent. is being reserved for eligible British Gas employees and pensioners under these offers.

The balance of the shares excluded by the Secretary of State from the Combined Offer (not less than 86.5 million shares) is being retained by him to meet share bonus entitlements. If this balance is insufficient to meet the maximum entitlements to bonus shares arising from applications under the U.K. Public Offer, the Secretary of State will withdraw from the U.K. Public Offer such number of shares as is required to meet these entitlements. If it is sufficient, then any remaining balance of the retained shares will be reserved for entitlements to the share bonus under the overseas offerings. The Secretary of State will, if necessary, retain out of the overseas offerings any further shares required to meet overseas share bonus entitlements.

#### SPECIAL INCENTIVES: BILL VOUCHERS OR SHARE BONUS

Individuals buying shares under the U.K. Public Offer may be eligible to receive free of charge from H.M. Government either bill vouchers for use against gas bills from British Gas or a share bonus of one share for every ten held continuously for three years, subject to a maximum bonus of 500 shares. The bill vouchers will be issued over a period of three years on the basis of £10 for every 100 shares held continuously up to the relevant qualifying dates, subject to a maximum value of £250. Further details are set out in Section VIII.

#### INSTALMENT ARRANGEMENTS

The Offer for Sale price is 135p per Ordinary Share, of which 50p is payable on application, 45p on Tuesday, 9th June, 1987 and 40p on Tuesday, 19th April, 1988.

Until payment of the final instalment the Ordinary Shares sold on instalment terms will be registered in the name of National Westminster Bank PLC. In the first instance they will be represented by renounceable letters of acceptance, which will be superseded in due course by Interim Certificates issued by National Westminster Bank PLC.

The expected timetable for the issue of documents is set out in Section IX. On registration of a renunciation or transfer, the liability to pay instalments will pass to the renouncee or transferee. Following payment of the final instalment, the Ordinary Shares will be transferred, free of stamp duty or stamp duty reserve tax, into the name of the last registered holder. A summary of the Instalment Agreement is set out in Section VII.

#### SPECIAL DEALING ARRANGEMENTS

Special arrangements have been made to facilitate and reduce the cost of dealings in small numbers of shares. Details of these arrangements are set out in Section IX.



## British Gas plc continued

3

## DIRECTORS AND ADVISERS

## Directors of the Company

Chairman	Sir Denis Rooke, CBE FRS FEng
Chief Executive	Robert Evans
Executive Directors	Christopher Wadsworth Brierley Charles Edward Donovan William George Jewers, CBE James McHugh, FENG William Ronald Probert Allan Sutcliffe
Non-executive Directors	Roger Humphrey Boisier Richard Greenbury Sir Martin Wakefield Jacob Sir Leslie Smith
Company Secretary	Gilbert Charles Hogg all of Rivermill House, 152 Grosvenor Road, London SW1V 3JL (the registered office of the Company)

## Advisers

Financial advisers to H.M. Government	N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU
Financial advisers to the Company	Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB
Solicitors to the Offer for Sale	Slaughter and May, 35 Basinghall Street, London EC2V 5DB
Solicitors to the Company	Herbert Smith, Watling House, 35 Cannon Street, London EC4M 5SD
Solicitors to the underwriters	Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA
Brokers to the Offer for Sale	Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB James Capel & Co., James Capel House, 6 Bevis Marks, London EC3A 7JQ Wood Mackenzie & Co. Ltd., 100 Wood Street, London EC2P 2AJ
Auditors and reporting accountants	Price Waterhouse, Chartered Accountants, Southwark Towers, 32 London Bridge Street, London SE1 9SY
Reporting petroleum consultants	ERC Energy Resource Consultants Limited, 15 Welbeck Street, London W1M 7PF
Accounting advisers to H.M. Government	Touche Ross & Co., Chartered Accountants, Hill House, 1 Little New Street, London EC4A 3TR
Registrars and custodian bank	National Westminster Bank PLC, Registrar's Department, Caxton House, P.O. Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ

## SHARE CAPITAL AND INDEBTEDNESS

## Share capital following the Combined Offer

Authorised	Issued and to be issued, and fully paid or credited as fully paid
£1,375,000,000	£1,037,500,000
£1	£1
Ordinary Shares of 25p each	Special Rights Redeemable Preference Share of £1

The Ordinary Shares now offered for sale will rank in full for all dividends declared or paid on the ordinary share capital of the Company after the date of this document; special arrangements apply to capitalisation and rights issues and non-cash dividends during the instalment period.

## Indebtedness

At the close of business on 10th October, 1986 British Gas had a secured short-term borrowing of £1 million, a secured loan of £5 million and finance lease commitments of £10 million. At that date British Gas had cash, bank balances and short-term investments amounting to £1,580 million.

Save as disclosed above, at that date British Gas did not have any loan capital outstanding or created but unissued, term loans or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase or lease commitments, mortgages, charges or any material guarantees or other material contingent liabilities.

On 20th November, 1986 a £2,500 million unsecured debenture was issued by the Company to H.M. Treasury as part of the overall change made in its capital structure. Except for this debenture British Gas has not, since 10th October, 1986, incurred any material indebtedness.

## TIMETABLE

Completed application forms to be received by	10 a.m. on Wednesday, 3rd December, 1986
Basis of allocation expected to be announced by	Monday, 8th December, 1986
Dealings expected to commence in London at	2.30 p.m. on Monday, 8th December, 1986
Despatch of renounceable letters of acceptance expected on	Monday, 15th December, 1986
Last date for registration of renunciation	Friday, 20th February, 1987
Payment of second instalment	Tuesday, 9th June, 1987
Payment of final instalment	Tuesday, 19th April, 1988

SECTION I  
THE BUSINESS OF BRITISH GAS

## A HISTORICAL BACKGROUND

Gas has been used as a source of energy in Great Britain since William Murdock made gas from coal in 1792 to light his home in Redruth, Cornwall. The first public supply of gas was made under a Royal Charter granted in 1812 to the Gas Light and Coke Company for street lighting in London. Street lighting continued to be the main application for gas for many years and by 1850 the number of gas suppliers had grown to nearly 700. Thereafter the use of gas in the home and in industry increased to such an extent that by the mid-1930s there were about eleven million gas customers.

In those early days gas was supplied by both private companies and municipal undertakings. However, the Gas Act 1948 resulted in the nationalisation of all 1,046 gas companies and undertakings in Great Britain and these were amalgamated into 12 largely autonomous Area Boards. At the same time the Gas Council was established to advise the Minister of Fuel and Power and to assist the Area Boards, for example by borrowing money and carrying out research on their behalf.

Until the 1950s gas was produced mainly from coal but sharp increases in coal and labour costs led to a stagnation in gas sales and prompted the search for more economic means of producing gas. The main technological advance achieved in the late 1950s and early 1960s was the production of high pressure gas through the gasification of oil using light petroleum distillates. This advance led to cost reductions, and gas sales increased significantly in the early 1960s.

Natural gas was first introduced on a commercial scale into Great Britain in 1964 when it was imported by British Gas in liquefied form from Algeria. This gas was landed at Canvey Island and distributed in a high pressure pipeline extending to Leeds and supplying eight of the Area Boards. At that time natural gas had to be processed to make it suitable for use in existing appliances.

The importance of natural gas grew as substantial quantities were discovered in the North Sea in the mid-1960s. Within two years of H.M. Government issuing the first North Sea production licences in 1964, it was decided that all gas appliances should be converted to use natural gas and that a national high pressure gas transmission system should be constructed. At this time and until 1982 all natural gas production from the UKCS had to be offered for sale to British Gas unless used for certain industrial purposes. The main conversion operation started in 1967 following the first landing of natural gas from the North Sea. Within little more than ten years the operation was completed and a total of about 35 million appliances used by more than 13 million customers had been converted to natural gas. The availability of abundant, low-cost supplies of natural gas enabled British Gas to achieve rapid growth; the number of therms of gas sold increased nearly four-fold in the twelve years ended 31st March, 1980.

Under the Gas Act 1972 the Gas Council was renamed the British Gas Corporation and took over the operations of the 12 separate Area Boards. This Act gave the Corporation increased power to search for and obtain supplies of gas and introduced the objective of profitability. It also continued the obligation contained in the Gas Act 1948 to supply premises within 25 yards of a gas main upon request; this obligation to supply was subsequently restricted to requests for supplies not exceeding 25,000 therms per annum. During 1983 and 1984 the Corporation disposed of the majority of its oil interests, for which it was not compensated, pursuant to directions from the Secretary of State.

In May 1985 H.M. Government announced its intention to sell shares in British Gas to the public and the necessary legislation (the Gas Act 1986) received Royal Assent on 25th July, 1986. This provided for the business of the Corporation to be transferred to the Company and established the regulatory regime (described in detail in Section III) which now applies to British Gas.

## B REVIEW OF ACTIVITIES

## 1. Introduction

The primary business of British Gas is the supply of gas to domestic, industrial and commercial customers in Great Britain. It is an integrated business extending from gas fields to customers' premises by way of extensive transmission and distribution systems. Its activities range from the exploration for, and production of, natural gas to the sale, installation and maintenance of gas appliances.

British Gas reports its revenues and costs by reference to five separate profit centres of which by far the most important is the gas supply business. The turnover and operating results of these profit centres for the financial year ended 31st March, 1986 are set out below:

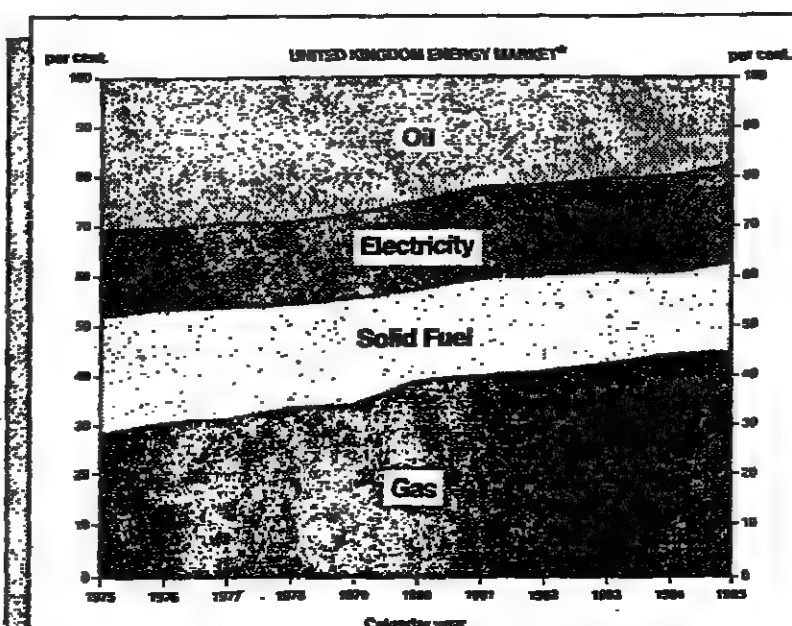
Profit centre	Turnover £ million	Operating results CCA £ million	HCA £ million
Gas supply	7,109	703	1,006
Installation and contracting	275	11	13
Appliance trading	278	12	17
Exploration subsidiaries	94	(43)	(39)
Other activities	21	5	9
	7,777	688	1,006

\*£7.687 million after excluding £90 million of intra-group sales.

## 2. The market for gas

British Gas is the leading supplier in the United Kingdom energy market (excluding transport) and, as shown in the graph below, gas provided over 44 per cent. of energy supplied to final users in the year ended 31st December, 1985. If the non-energy uses of all fuels were included, its share of the wider market (again excluding transport) would have been 41 per cent. for the year.

During the period covered by the graph total annual energy demand in this market declined by six per cent., while annual consumption of gas increased. The success of gas owed much to its price relative to competing fuels, its attractiveness as a clean, controllable and reliable fuel, which unlike oil and solid fuel does not have to be stored by the customer, and to the marketing efforts of British Gas.



"Authorisation" the authorisation to supply gas granted to British Gas and described under "Regulatory Environment" in Section III

"billion" one thousand million

"British Gas" British Gas Public Limited Company and its subsidiaries and/or, as the case may be, their respective predecessors in business or any of them

"Bcf" billion standard cubic feet measured at 60 degrees Fahrenheit and 14.7 pounds per square inch (standard temperature and pressure)

"CCA" financial information prepared under the current cost convention (as explained in the accountants' report in Section IV)

"Combined Offer" the Offer for Sale and the separate offerings in the United States, Canada, Japan and Europe referred to herein

"Company" British Gas Public Limited Company

"contract customer" a person who is supplied with gas by British Gas under a contract which provides for a minimum supply in excess of 25,000 therms per annum or which is entered into in circumstances where tariffs are not appropriate

"Corporation" British Gas Corporation

"Gas Act" the Gas Act 1986

"HCA" financial information prepared under the historical cost convention

"Instalment Agreement" the agreement summarised in Section VII

## DEFINITIONS

"Interim Certificates" the certificates evidencing rights to and obligations in respect of Ordinary Shares to be issued pursuant to the Instalment Agreement pending payment in full of the Offer for Sale price

"lb/in<sup>2</sup>"

the pressure at a point measured as a force in pounds weight on every square inch of area

"MMbbl" million barrels

"Offer for Sale" the offer for sale of up to 3,548.2 million Ordinary Shares being made by N. M. Rothschild & Sons Limited on behalf of the Secretary of State and described herein

"Ordinary Shares" Ordinary Shares of 25p each in the Company

"petroleum" a range of naturally formed fluid substances consisting mainly of hydrocarbons, including gas, condensate and oil

"Secretary of State" the Secretary of State for Energy

"Special Share" the Special Rights Redeemable Preference Share of £1 in the Company

"tariff customer" a person who is supplied with gas by British Gas otherwise than under a contract which provides for a minimum supply in excess of 25,000 therms per annum or which is entered into in circumstances where tariffs are not appropriate

"UKCS" United Kingdom Continental Shelf

References to the supply or provision of gas are, unless otherwise stated, to the supply or provision of gas through pipes, and references to gas suppliers should be construed accordingly.

A therm is one hundred thousand British thermal units where one British thermal unit is the quantity of heat required to raise the temperature of one pound of water from 58° Fahrenheit to 59° Fahrenheit. One therm is approximately equivalent to 100 cu. ft. of natural gas.

The statistics for market share and therms of gas sold, which are illustrated in the graphs in "The market for gas" in Part B of Section I, are derived from the Department of Energy Digests of United Kingdom Energy Statistics. Such statistics are shown on a calendar year basis. In the case of gas, unless the context otherwise requires, figures refer to the total sales and market share of gas in the United Kingdom (whether or not the gas was supplied by British Gas). However, British Gas provides over 99 per cent. of the natural gas used in the United Kingdom. The proportion of the total energy market held by each fuel is measured in therms on the basis of heat supplied to final users and calculated after excluding fuel used for transport. In accordance with the general practice in the Digests, the energy market excludes oil for uses other than energy but includes all uses of gas, since statistics on its non-energy use are not available.

British Gas has nearly 17 million customers in England, Scotland and Wales and provides over 99 per cent. of the natural gas used in the United Kingdom. A breakdown of its sales and customers by market is shown in the following table:

Market	Year ended 31st March, 1986		At 31st March, 1986	
	Therms sold	Sales value	Customers	
	%	%	%	%
Domestic	53.7	61.2	96.5	
Industrial	31.6	24.6	0.5	
Commercial	14.7	14.2	3.0	
	100.0	100.0	100.0	

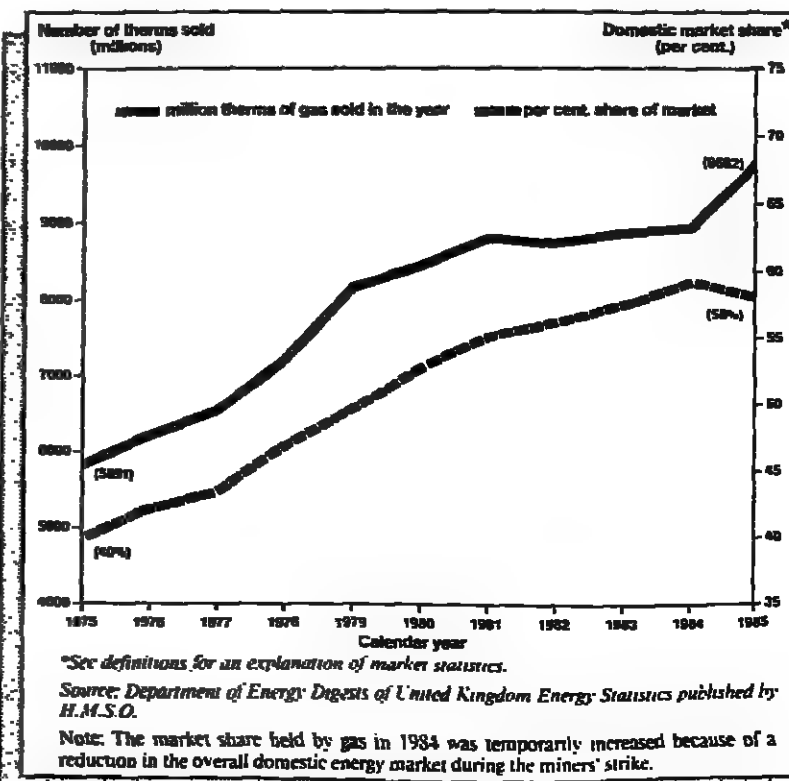
\*Includes very small quantities supplied to power stations.

An analysis of the market for gas and of the activities of British Gas within that market is set out below.

## (a) The domestic market

As illustrated in the graph, the number of therms of gas sold in the domestic market increased by more than 60 per cent. from 1975 to 1985. During this period the total demand for energy in the home increased by over 13 per cent. and the proportion held by gas rose from 40 per cent. to 58 per cent., mainly at the expense of solid fuel and, to some extent, oil and electricity.

Gas is used in the domestic market for home heating, water heating and cooking where it is in competition mainly with electricity. Competition in the domestic market is limited, at least in the short term, to the extent that most domestic customers cannot economically change their source of fuel, particularly for central heating which accounts for more than half of domestic gas sales.



British Gas has increased sales in the domestic market by three main methods: first, by encouraging more householders within the area in which a gas supply is already available to have a gas supply connected; secondly, by laying mains to extend this gas supply area; and thirdly, by promoting the use of gas in preference to other fuels, primarily by persuading existing customers to extend the range of gas appliances which they use.



## British Gas plc continued

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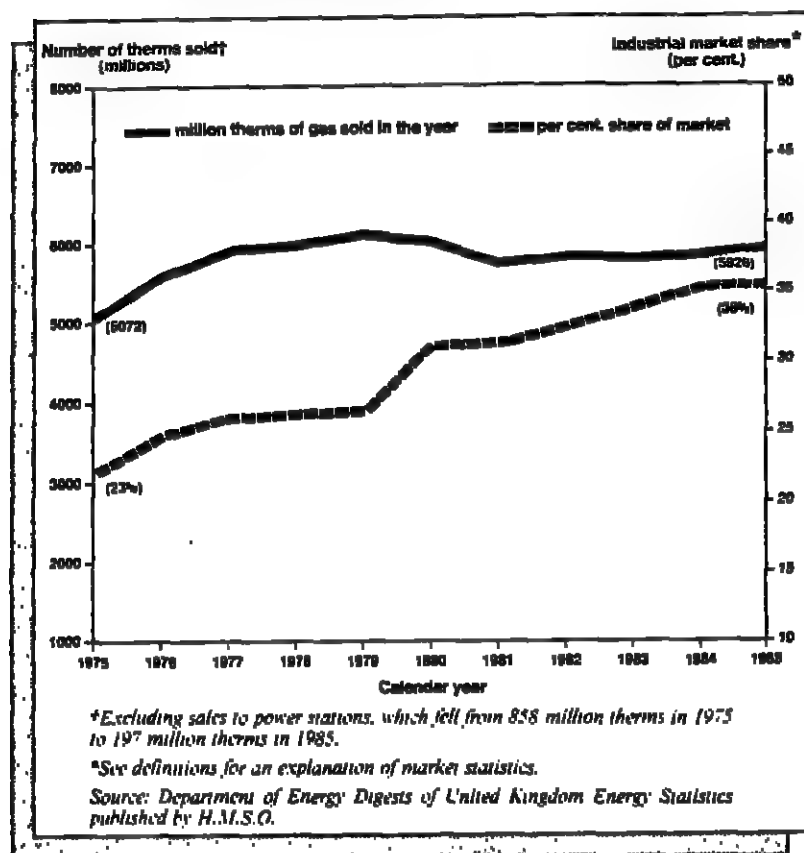
Of the 20.8 million households in Great Britain, some 17.8 million are within the existing gas supply area and, of these, more than 16.2 million are gas users. The number of households connected with gas has increased by nearly 1.3 million in the five years ended 31st March, 1986. New housing, which has been a significant source of growth, accounted for over half of this number. Over 80 per cent. of new homes built in Great Britain in the five years ended 31st March, 1986 have been connected with gas.

An important factor in the rise in domestic consumption in the five years ended 31st March, 1986 was the increasing use of gas for central heating. Of all central heating systems installed in this five-year period, 76 per cent. were gas-fired. The number of households in Great Britain with gas central heating is approximately 10.4 million.

Research and development are used extensively to support the domestic market. New materials and pipelaying methods have helped to reduce the costs of connection, enabling the gas supply area to be extended more economically. In addition, co-operation with manufacturers in the development of high-efficiency domestic boilers and of improved designs for cookers and fires has encouraged the wider use of gas appliances.

### (b) The industrial market

Gas has a major share of the industrial energy market. Although the number of therms of gas sold declined as a result of the decrease in overall industrial demand for energy in the United Kingdom since 1979, gas was less affected than other fuels. The graph shows that gas increased its share of the industrial energy market (excluding transport) from 23 per cent. in 1975 to 36 per cent. in 1985. If the non-energy uses of all fuels were included, its share of the wider market (again excluding transport) would have increased from 19 per cent. to 29 per cent. in the same period.



In the current calendar year there has been a reduction in the number of therms sold and market share. While industrial sales by British Gas in the first quarter of 1986 showed little decline, a significant reduction took place in the period from April to August, when the number of therms of gas sold was nearly 20 per cent. lower than in the comparable period in 1985. This reduction resulted partly from lower sales of gas as a chemical feedstock caused by difficult conditions in the international fertiliser and methanol markets and, following the sharp fall in oil prices, partly from some customers with an alternative fuel readily available switching from gas. However, the recent modest recovery in oil prices has enabled British Gas to recover some sales. The total number of therms sold in the industrial market for the full calendar year is expected to be around 13 per cent. lower than for 1985.

The industrial market is highly diverse and is characterised by the large volume of gas supplied per customer, for the most part under individually negotiated contracts. Gas is used by many different types of customer for a wide range of processes, which can be divided into two principal categories.

In the first category, gas is used as a "premium" fuel, competing principally against gas oil and, in some sectors, liquefied petroleum gas and electricity. In this category gas is used primarily by customers who require a fuel which is clean, readily controllable and does not have to be stored. These customers normally enter into "firm" contracts with British Gas (that is, without provision for interruption). Examples of the industrial uses of gas as a premium fuel are direct drying in the food industry, heat treatment of metals and the manufacture of glass and ceramics.

In the second category, gas is used as a "non-premium" fuel, competing against heavy fuel oil and coal where crude bulk heat is required. British Gas usually sells such gas under terms which give it the right to interrupt supplies in order to assist in matching overall supply and demand. This right to interrupt supplies to certain industrial customers reduces the need for expensive peak supply facilities and is reflected in the lower prices charged under interruptible contracts.

In addition to the two principal categories, significant quantities of gas are supplied for use as a chemical feedstock in the manufacture of fertilisers, although there has been a substantial reduction in sales volume in the current year. Gas used as a chemical feedstock is supplied in bulk at somewhat lower prices than in other categories, mostly on an interruptible basis.

In the year ended 31st March, 1986 about 55 per cent. of the number of therms sold by British Gas in the industrial market were on an interruptible basis, representing some 12 per cent. of its total gas sales revenue. All customers supplied on this basis are responsible for having an alternative fuel available and can therefore readily switch from gas to the alternative fuel and vice versa. A fall in the number of therms sold to interruptible customers has been the principal reason for the reduction in industrial gas sales volume in the current year.

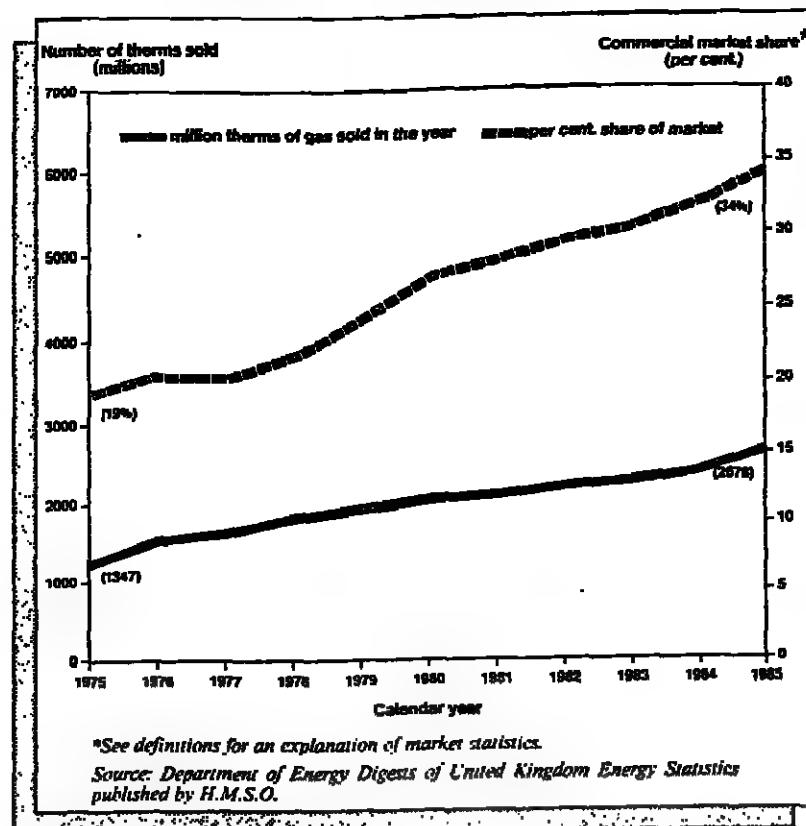
In the year ended 31st March, 1986 the three largest industrial customers of British Gas together accounted for 10 per cent. of total therms sold in all markets. The largest customer was Imperial Chemical Industries PLC, which accounted for 7 per cent. of total therms sold by British Gas in that year.

British Gas co-operates with manufacturers and its customers in the development of gas-burning equipment in order to enhance fuel efficiency, product quality and productivity and to strengthen the competitive position of gas in relation to other fuels. Advanced burner systems, which recycle waste heat by taking advantage of recuperative and regenerative techniques, have been developed to support sales into the industrial market.

### (c) The commercial market

The number of therms of gas sold in the commercial market nearly doubled from 1975 to 1985, and gas increased its market share from 19 per cent. to 34 per cent. in the same period.

In the commercial market the average level of consumption per customer is lower than in the industrial market. No single type of user is dominant, the largest being the educational sector which accounted for about 20 per cent. of the number of therms sold by British Gas in this market in the year ended 31st March, 1986. Other users include shops, offices, hospitals, public buildings, hotels and restaurants. The commercial market, which predominantly comprises service industries and the public sector, has been less vulnerable than the industrial market to the level of activity in the economy as a whole.



About half of the gas supplied by British Gas to commercial users is sold on a tariff basis with the remainder sold under individually negotiated contracts, of which only a few are interruptible. More than two thirds of the gas consumed in the commercial market is used for space heating with water heating and catering accounting for most of the remainder. In space and water heating, gas competes mainly with oil and electricity, while in catering it competes mainly with electricity.

### (d) Pricing

For pricing purposes customers are divided into two categories: in general, customers taking less than 25,000 therms per annum are charged according to published tariffs, while prices for customers taking greater quantities are individually negotiated with British Gas.

The table below shows the number of therms sold, sales value and average price per therm in the tariff and contract sectors for the year ended 31st March, 1986:

	Therms sold millions	Sales value £ million	Average price per therm p
<b>Tariff sector<sup>(1)</sup></b>			
Domestic <sup>(2)</sup>	9,898	4,234	42.8
Industrial	313	118	37.7
Commercial	1,464	557	38.0
<b>Total tariff sector</b>	<b>11,675</b>	<b>4,909</b>	<b>42.0</b>
<b>Contract sector</b>			
Industrial <sup>(3)</sup>	5,603	1,604	28.6
Commercial <sup>(3)</sup>	1,423	486	34.2
<b>Total contract sector</b>	<b>7,026</b>	<b>2,090</b>	<b>29.7</b>
<b>Total gas sales<sup>(4)</sup></b>	<b>18,701</b>	<b>6,999</b>	<b>37.4</b>

- (1) The effect of spreading the standing charge over different numbers of therms sold per customer accounts for the variations in average price per therm sold in the tariff sector.
- (2) The commercial contract sector includes 148 million therms of domestic contract sales.
- (3) Includes very small quantities supplied to power stations.
- (4) Total gas sales exclude £110 million of income, primarily in respect of essential service revenue and gas used for own purposes, which is included in the turnover of the gas supply business.

### (i) Tariff sector

In the year ended 31st March, 1986 tariff sales accounted for approximately 70 per cent. of the gas sales revenue of British Gas. The great majority of tariff customers are domestic customers but there are some 480,000 commercial and 76,000 industrial tariff customers. Prices paid by tariff customers consist of a standing charge and a rate per therm (which is generally uniform throughout Great Britain). In recent years, while British Gas was a nationalised industry, tariff prices were set in order to take account of a number of factors but they were particularly influenced by financial targets agreed with H.M. Government. Competition with other fuels has also been a factor but, in general, gas prices in the tariff sector have been below those of competing fuels with the exception of coal.

Under the regulatory regime established by the Gas Act, British Gas is subject to a system of price control covering the tariff sector and is required to take all reasonable steps to ensure that the average price charged to tariff customers (including the standing charge) does not exceed a maximum determined by a price formula. British Gas is not subject to profit control and prior regulatory approval for price increases is not required, provided the maximum determined by the formula has not been exceeded. The formula governs changes in the maximum price (whether increases or decreases) from the level applying in the year ending 31st March, 1987 and its broad effect is:

- (a) to allow the cost per therm of gas purchases, changes in which are largely affected by factors outside the control of British Gas, to be passed on in full to tariff customers; and
- (b) to encourage operational efficiency by limiting the element of the tariff price not represented by gas purchase costs by reference to the annual rate of change in the Retail Price Index less two percentage points ("RPI-2").

The price formula comes into effect on 1st April, 1987; until then tariff prices may not be increased. The terms of price control provide for the formula to remain in force until at least 1st April, 1992; the details of the price control system and the circumstances under which it can be modified are explained in Section III.

### (ii) Contract sector

The contract sector, which covers some 24,000 premises (mainly in the industrial or commercial markets), accounted for approximately 30 per cent. of the gas sales revenue of British Gas in the year ended 31st March, 1986. The prices charged to contract customers are individually negotiated with regard to a number of factors, including whether the contract is on a firm or interruptible basis. Although many contract customers are of long standing, they are able to suspend or discontinue supplies at relatively short notice. Generally contract prices have taken into account competitive market conditions as well as the costs of supply but in the past they have also taken account of financial targets agreed with H.M. Government. The targets in recent years were achieved without the need for the price of gas to rise in line with the price of oil (its principal competitor) with the result that gas prices were, in general, significantly lower than the prices of competing fuels other than coal.

There was a rapid fall in crude oil prices from over U.S.\$25 per barrel towards the end of 1985 to about U.S.\$10 per barrel by the end of June 1986. This led to a reduction in the prices of competing oil products and put pressure on British Gas to lower its prices, particularly under interruptible contracts. British Gas responded to these lower oil prices by, where appropriate, reviewing contract prices more frequently, often on a monthly basis for interruptible customers and on a three-monthly basis for firm customers, and reducing prices. However, following the modest recovery in oil prices, selling prices for gas have firmed, consistent with market conditions.

The contract sector is not subject to price control, but British Gas has published the maximum prices which it will, until further notice, charge in the contract sector. British Gas has also indicated its intention, subject to certain qualifications, to limit increases in published maximum firm contract prices for a period of three years to about the rate of inflation.

### (e) Market support

British Gas attaches great importance to the activities which support its gas marketing efforts. In the domestic market, showrooms are the main point of contact with the public and the principal support activities include appliance retailing and customer service. In the industrial and commercial markets, British Gas provides a technical consultancy service which assists customers in making a more efficient and cost-effective use of gas.

### (i) Showrooms

British Gas has a network of almost 800 showrooms, mainly in high street locations or in shopping centres. A large number of customers pay their bills through these showrooms. In addition, showrooms are used for the sale of domestic gas appliances and heating systems, dealing with customer service work, giving energy conservation advice and handling applications for gas supply as well as general enquiries.

British Gas seeks to make profits from its appliance trading activities while aiming to maximise sales of appliances in support of the wider use of gas in the domestic market. In the year ended 31st March, 1986 British Gas sold about 100,000 central heating systems, 700,000 space heaters, 500,000 cookers and 100,000 other appliances, primarily from the showrooms, but also directly to trade and wholesale customers. As part of the support to the sale of both gas and gas appliances British Gas uses its own service engineers to install appliances sold through its showrooms and offers a high level of maintenance and spare parts service, covering almost 3,900 different models.

Appliance trading is accounted for as a separate profit centre and its results are stated after deducting a proportion of showroom costs. Other showroom costs are charged to the gas supply business and to the installation and contracting account in order to reflect the extensive support provided by the showrooms to these activities.

British Gas carries out a continuous review of its network of showrooms — opening, modernising, relocating or closing as appropriate. Rationalisation of the showrooms has resulted in a ten per cent. reduction in their number since 1982.

### (ii) Customer service

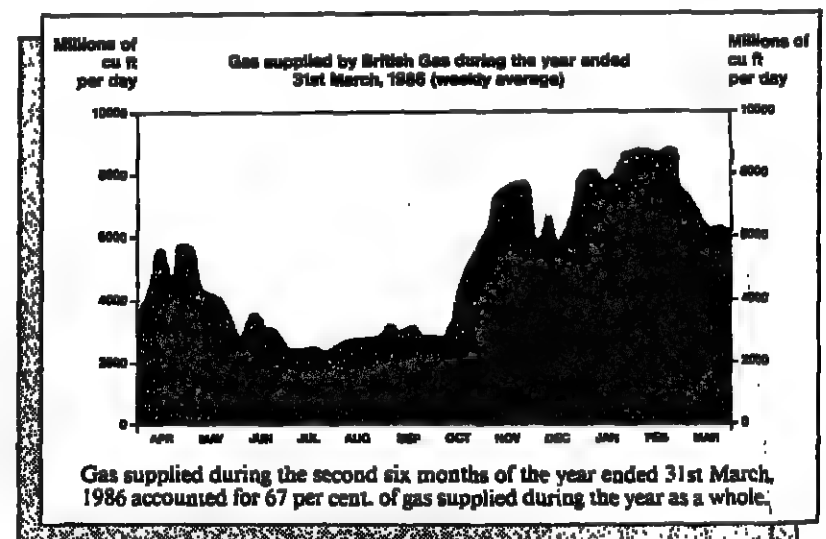
British Gas offers a broad range of customer services in two main categories, "essential service" and "installation and contracting".

Essential service, which is accounted for within the gas supply business, includes dealing with gas escapes and other emergencies, installation and repair of meters, request servicing of appliances and basic safety checks on specific appliances or for customer groups such as the elderly and the disabled. British Gas has established strict targets for speed of response to emergency calls and well defined standards of service for other work, and considerable resources are provided to ensure that customers can report emergencies easily and quickly. British Gas has given a written assurance to the Secretary of State that a range of services now available to domestic customers will be maintained while the current system of price control continues.

Installation and contracting has been developed on a commercial basis to counterbalance the highly seasonal nature of essential service work. In recent years service contracts for central heating and gas appliances have provided a significant growth in work load and have assisted in maintaining safety. During the year ended 31st March, 1986 service contracts covered more than 3.5 million appliances, representing an increase of 22 per cent. over the last five financial years, and British Gas installed over 100,000 central heating systems and 1.6 million other gas appliances. All these activities are accounted for under the heading of installation and contracting.

### 3. Matching gas supply and demand

Demand for gas varies markedly from season to season as illustrated in the graph below. On a very severe winter's day it can be five times that on the warmest summer's day and almost twice the daily average for the year as a whole.



Much of the seasonal change in demand is met by varying the amount of gas taken from producing fields by British Gas under its gas purchase contracts. Most contracts contain provisions for varying the offtake from fields at different times of the year within specified ranges. The extent of this variation is referred to as the "swing factor" which is the ratio of the maximum supply contracted to be available each day to the average daily contracted supply for the whole year. The higher the swing factor, the greater the flexibility in meeting seasonal demand.

If peak demand were to be met from variations in offtake alone, an overall swing factor of about 2.3 would be required. Flexibility at higher levels of demand can often be achieved more economically in other ways and therefore British Gas has negotiated gas purchase contracts which, taken as a whole, currently have a swing factor of only 1.5. Contracts for the supply of gas from the Southern Basin of the North Sea generally have a swing factor of 1.67, while those for the Northern Basin have a swing factor of 1.3 or less.

In order to supplement gas purchased under contract and to help meet winter demand, British Gas uses both seasonal supplies and peak storage. Seasonal supplies are those which can be operated for extended periods during the winter and comprise the specially developed South Morecambe, Rough and Sean gas fields. Peak storage has been developed to meet exceptionally high peaks in demand for gas which occur for short periods in severe winter weather. For this purpose British Gas uses gas from liquefied natural gas facilities and gas from underground storage cavities.

In addition to increasing supply during the winter through the use of these facilities, British Gas may also limit the overall level of demand which needs to be satisfied by interrupting supplies to certain large industrial and commercial customers. Interruptible contracts give British Gas the facility to suspend supplies typically for up to an aggregate of 63 days within a year, although in practice little or no interruption takes place in milder winters.

As well as seasonal variations in demand there are variations during the course of the day when maximum hourly demand may be as much as four times the minimum level. To meet daily variations in demand, gas is stored in local gas holders and within the transmission system itself.

Since the introduction of natural gas from the North Sea in 1967 British Gas has been able to satisfy increased demand during peak winter periods and has not been forced by peak demand to suspend supplies to its tariff or firm contract customers.

The negotiation of new gas purchase contracts and the construction of new supply or storage facilities have long time scales. An important feature of the business is therefore the need to plan these future sources of supply and facilities several years in advance to meet forecast annual and peak gas demand, while retaining flexibility to help meet new developments in the market.



## British Gas plc continued

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## 4. Gas supplies

## (a) Gas purchase contracts

All natural gas production from the UKCS is either purchased or owned by British Gas, with the exception of very small quantities used by other producers in the manufacture of chemical feedstocks. In the year ended 31st March, 1986 approximately 75 per cent. of the total gas supplied by British Gas came from United Kingdom sources and the remainder from the Norwegian sector of the North Sea. Approximately 95 per cent. of total supplies was purchased by British Gas from third parties and the balance was produced from its own interests. Currently there are some 27 fields or groups of fields under contract to British Gas.

Production of UKCS gas began in 1967 from the West Sole field in the Southern Basin of the North Sea. By 1972, four more Southern Basin gas fields were in production and virtually all the gas from these first five fields (the "Early Southern Basin Fields") was, and continues to be, purchased or owned by British Gas.

A continuing increase in demand for gas, particularly following the dramatic rise in the price of oil in 1973/74, led British Gas to contract for the purchase of gas from the Frigg field (the majority of which lies in the Norwegian sector of the North Sea) and the Brent field. The Frigg contracts were the first gas purchase contracts under which the price varied solely as a result of energy-related escalation factors. In consequence, changes in oil prices have had a much greater effect on the cost of supplies from Frigg than on the cost of supplies from the Early Southern Basin Fields.

A further increase in demand for gas during the late 1970s and the beginning of the 1980s and the expectation that supplies from the Early Southern Basin Fields would start to decline led British Gas to enter into contracts for the purchase of gas from other UKCS fields, which were in general significantly more expensive to develop than the Early Southern Basin Fields. The prices initially paid for gas from these recent UKCS fields were of the same order as prices then being paid for gas from Frigg.

The proportion of gas taken from the Early Southern Basin Fields relative to the proportion taken from other fields has declined over the years. In the year ended 31st March, 1982, 61 per cent. of total supplies came from the Early Southern Basin Fields. In the year ended 31st March, 1986 the figure was 44 per cent. but it is not expected to fall below 30 per cent. of projected total supplies within the next five years. Supplies from Frigg accounted for approximately 31 per cent. of total supplies in the year ended 31st March, 1986, but they are estimated to fall to less than 10 per cent. of projected total supplies within the next five years.

Most British Gas purchase contracts provide for an initial term of approximately 25 years, although they can terminate earlier if there are insufficient economically recoverable reserves in the field or if the relevant government production consent should expire and not be renewed. Production from a field usually increases rapidly to a plateau lasting for a number of years. It then declines progressively towards the end of the field's life although, following re-negotiation and possible extension of a contract, additional facilities may be installed to offset declining production.

The price payable for the gas is generally determined for the whole length of the contract by reference to a base price and the operation of price variation provisions. In addition, each contract commits British Gas to pay for annual or daily quantities, whether the gas is taken or not. However, there is flexibility in not taking gas for gas paid for, but not taken, to be taken or credited in later years. Take or pay balances due after one year increased from £36 million at 31st March, 1982 to £152 million at 31st March, 1986. No balances carried forward under take or pay provisions have been written off and, on the basis of its supply and demand projections, British Gas has no expectation of a write-off in the foreseeable future.

Prices payable by British Gas under its gas purchase contracts vary widely. While the overall average price paid in the year ended 31st March, 1986 was 17.2p per therm, the average price paid in that year for gas from the Early Southern Basin Fields was very substantially below this level and the prices paid for gas from Frigg and recent UKCS fields were very substantially above this level. Following the Gas Levy Act 1981, UKCS gas purchased by British Gas under contracts entered into before 1st July, 1975 (and accordingly exempt from United Kingdom petroleum revenue tax) has attracted a levy payable by British Gas to H.M. Government, which currently stands at 4p per therm. This took the overall average cost of gas for the year ended 31st March, 1986 to 19.9p per therm when the levy applied to approximately 65 per cent. of gas purchased. Under the Gas Act the levy may not be increased before 1st April, 1992.

The recent effect of price variation provisions under contracts for the Early Southern Basin Fields and under most other UKCS field contracts concluded before 1980 results in prices being determined largely by the rate of United Kingdom general inflation, as measured by the Producer Price Index. In the case of other contracts, price variations are determined by reference to the prices of competing fuels, such as heavy fuel oil, gas oil and electricity, as well as (in some cases) the Producer Price Index and other price indicators. In most contracts, price variation occurs annually, so that prices in a given period reflect the level of the relevant indices in an earlier period. This means that the effect of changes in the indices takes some time to work through to gas purchase costs, so that, for example, only part of the fall in oil prices in the first half of 1986 will be reflected in gas costs for the year ending 31st March, 1987.

The effect on overall gas purchase costs of changes in the price of oil depends on a number of factors. Any explanation therefore involves assumptions and can be broadly indicative only. On this basis and taking the actual mix and quantity of supplies to British Gas during the year ended 31st March 1986, a ten per cent. general movement in oil prices (from their average level over the period from April to June 1986) would eventually lead to a movement of approximately four per cent. in total gas purchase costs, assuming exchange rates and all other factors remained unchanged. If the change occurred at the beginning of a financial year, only a small proportion of this movement would occur in the first year, with most occurring in the second year and the remainder in the third year.

Although gas purchase prices are denominated in sterling, they are affected by changes in exchange rates. This effect is direct in cases where the variation provisions include an indicator denominated in a foreign currency but oriented into sterling, such as the price of crude oil, and indirect where a United Kingdom indicator which is itself sensitive to an exchange rate, such as heavy fuel oil, is included. There is a further direct effect in the case of the Frigg contracts because the price provisions include adjustments, which operate monthly, to take account of changes in the value of sterling against other major currencies. Again only a broad indication of the impact of exchange rate changes can be provided; on the basis of the actual mix and quantity of supplies to British Gas during the year ended 31st March, 1986, a ten per cent. weakening of sterling against all other currencies (from the average level over the period from April to June 1986) would lead to an increase of approximately six per cent. in total gas purchase costs, assuming US dollar oil prices and all other factors remained unchanged while on the same basis a ten per cent. strengthening of sterling would lead to a reduction of approximately five per cent. If the change occurred at the beginning of a financial year, well over half of the movement in gas purchase costs would occur in that year and almost all the remainder in the following year.

## (b) Exploration and production

British Gas has been involved in exploration for petroleum since the mid-1950s and now has the largest single share (approximately 15 per cent.) of proven and probable gas reserves in the UKCS. In the early years the involvement of British Gas was confined to joint venture arrangements, with other companies as operators. Its first joint venture well in the North Sea was drilled in 1966; subsequently British Gas became an operator and drilled its first offshore well in 1974 when the South Morecambe gas field was discovered. The interests of British Gas in producing gas fields accounted for about five per cent. of its total gas supplies in the year ended 31st March, 1986. These activities are accounted for under the heading of exploration subsidiaries.

British Gas owns interests in 65 licences, covering 55 blocks on the UKCS, 14 blocks off the coast of the Republic of Ireland, 10 blocks off the coast of Denmark (awarded in 1986) and a number of areas in Great Britain. It is operator for 22 of these licences.

In the five years ended 31st March, 1986 British Gas was involved in drilling a total of 113 exploration and appraisal wells including 28 as operator. In this period 89 exploration wells were drilled, 36 per cent. of which flowed petroleum on test. Past successes include a number of significant oilfield interests, notably the discovery of a major onshore oil field at Wyth Farm, Dorset in 1974 with British Gas as operator. However, in 1981 British Gas was directed under the Gas Act 1972 to dispose of its 50 per cent. interest in the licence covering the Wyth Farm oil field; this was completed in May 1984. Under the Oil and Gas (Enterprise) Act 1982 British Gas was directed to dispose of its interests in five offshore oil fields and its interests in 20 further offshore blocks considered to have oil-bearing potential or where oil had already been discovered. These disposals were completed in 1983 and formed the initial assets of Enterprise Oil plc, although no British Gas staff were transferred to that company. The loss of these oil interests, for which British Gas was not compensated, means that the exploration and production achievements of British Gas are not fully reflected in the current level of petroleum reserves or in the profit record.

The existing petroleum interests of British Gas have been reviewed by ERC Energy Resource Consultants Limited ("ERC"), independent petroleum consultants, whose report (including relevant definitions) is set out in Section VI. Their analysis of the remaining petroleum reserves attributable to British Gas at 30th June, 1986 is summarised below:

Proven + Probable reserves	Gas	Oil and Condensate
	Bscf	MMbbl
Commercial	5,385	25.79
Potentially Commercial	1,466	6.02
Technical	802	43.70

The Commercial Reserves of British Gas are held in seven developed fields. Two of these, the South Morecambe gas field, which represents about 80 per cent. of these reserves, and the Rough gas storage field, are wholly-owned interests of British Gas and are of strategic importance, being used as sources of supply to meet winter demand. The other commercial fields in which British Gas has interests are the Leman and Indefatigable gas fields in the Southern Basin of the North Sea and three small onshore oilfields in Great Britain.

The Potentially Commercial Reserves are contained in ten petroleum discoveries. Seven are dry gas discoveries on the UKCS, including the North Morecambe discovery, and three are small onshore oil discoveries.

The Technical Reserves are contained in 14 petroleum discoveries, mostly of gas and condensate.

## 5. The supply network

The supply network consists of high-pressure pipelines for bulk transmission of gas and low-pressure mains for local distribution, together with seasonal supply and gas storage facilities.

## (a) The transmission and distribution systems

Natural gas is delivered by producers to five coastal terminals where, after treatment and measurement, it passes into the national transmission system. The national transmission system carries the gas, in large volumes and at high pressure, from these coastal terminals to over 100 locations spread around Great Britain, where it passes into the regional transmission and distribution systems.

The national transmission system consists of some 3,300 miles of pipeline in sizes of up to 42 inches in diameter, operating at high pressure (up to 1,100 lb/in<sup>2</sup>). Fifteen compressor stations have been constructed at various points in the system to restore pressure losses during transmission, thereby increasing the capacity of the pipelines. The compressors are driven by industrial derivatives of high-powered aircraft gas turbines such as Rolls-Royce Avons and RB-211s. Gas then passes into the regional transmission system, which comprises approximately 7,650 miles of high-pressure pipelines. These convey the gas to the main centres of demand.

At these centres gas passes from the regional transmission system to the distribution systems through pressure reduction stations. The pressure is then reduced progressively until the gas reaches customers' meters through individual service pipes, normally at around 0.4 lb/in<sup>2</sup>. The distribution systems consist of some 135,000 miles of low-pressure mains ranging from 2 inches to 48 inches in diameter and there are individual service pipes to nearly 17 million customers.

British Gas attaches particular importance to the safety and security of supply of the transmission and distribution systems. It applies standards and codes of practice to cover the engineering procedures and activities of the system such as design, materials, methods of construction, testing, commissioning, inspection and maintenance. These standards and codes are based on British or international standards as appropriate and include codes published by the Institution of Gas Engineers.

The transmission and distribution systems are also inspected regularly and routine maintenance is carried out to ensure safe, reliable and economic operations. An increasing number of transmission pipelines are inspected periodically from the inside using on-line inspection units developed by British Gas. A service is maintained 24 hours a day to deal with any plant or mains failures, public reports of gas escapes or other emergencies. British Gas believes that the transmission pipelines and distribution mains are in satisfactory condition and adequate in all material respects.

In order to ensure that the distribution mains remain in satisfactory condition, British Gas is carrying out a programme to replace certain categories of these mains. Until the 1960s distribution mains were predominantly made of cast iron. While many of these mains remain in good condition, a high and increasing proportion of new and replacement distribution mains laid in recent years has been made of medium density polyethylene and virtually all service pipes are now laid using this material. The replacement programme has mainly involved the replacement of cast iron mains in higher risk locations and was accelerated in the ten years ended 31st March, 1986. In this period a total of 19,300 miles of cast iron mains was replaced. Cast iron currently accounts for approximately 38 per cent. of distribution mains in use and polyethylene for 22 per cent. The continuing programme is expected to result in a further 8,700 miles of distribution mains being replaced over the next five years.

In order to reduce costs and to improve efficiency, British Gas has in recent years introduced new techniques and equipment designs, several of which have been developed in its own research stations. The costs of excavation and surface disturbance have been reduced by the introduction of narrow trenching techniques for mains-laying and pneumatic "moles", which pull service pipes and small diameter mains either through the ground or through existing pipes. "Live insertion" techniques have also been developed by which smaller pipes can be inserted into existing mains without interruption of the gas supply. In addition, easily replaceable modules are used to regulate the gas flow in distribution mains. These modules are small enough to be installed underground, thereby reducing maintenance costs, the impact on the environment and the likelihood of equipment damage.

## (b) Seasonal supplies and storage of gas

The large volumes of gas needed to meet peaks in demand are provided by the following range of facilities:

## (i) Seasonal supplies

These facilities are designed to be operated for extended periods during the winter, when large quantities of gas can be drawn at short notice.

## ● South Morecambe gas field

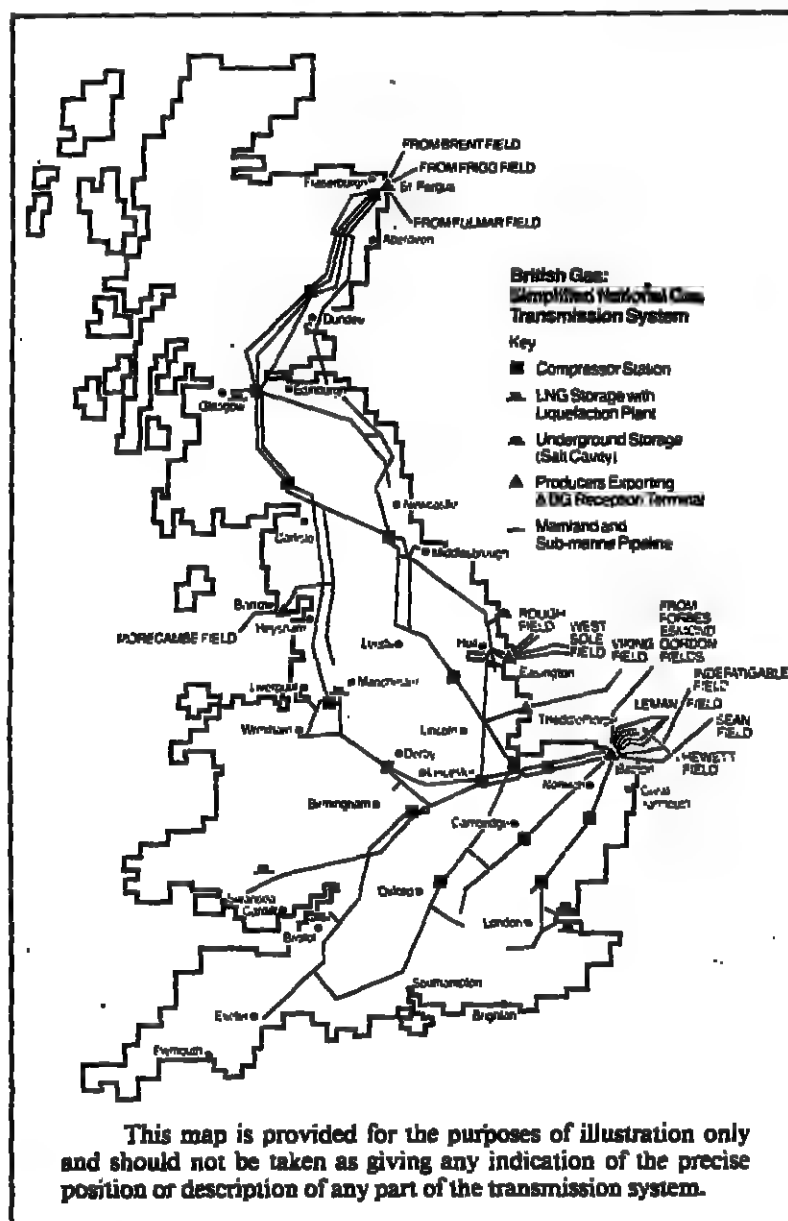
This field is one of the largest gas discoveries made on the UKCS and is a wholly-owned interest of British Gas. Located some 20 miles off the Lancashire coast, the facilities have been specially engineered to provide supplies of gas, initially during the winter only, for at least 40 years, instead of the more usual 20 to 30 years. The costs of producing gas from this relatively shallow field have been reduced by adopting, for the first time on the UKCS, a "slant" drilling technique, which increases the reservoir area capable of being drained from each platform. Production of gas commenced on schedule in the winter of 1984/85 and maximum gas production capacity of about 1,200 million cu.ft per day (equivalent to about ten per cent. of anticipated peak demand) is planned to be achieved by 1990, following completion of the second stage of the development. The construction of these additional facilities is scheduled to commence in 1987.

## ● Rough gas storage field

The Rough gas field, which is located in the North Sea less than 20 miles from the Humber estuary, is now used for gas storage. The field first came into production in 1975, when British Gas held a 50 per cent. interest. In 1980, when a large portion of the recoverable reserves had been extracted, British Gas purchased the remaining interest in the field. In order to develop its use for gas storage, new facilities have been installed by British Gas, both offshore and onshore. During periods of low demand, gas is drawn from the national transmission system and compressed into the field at a pressure which, when the field is fully developed, is planned to rise to some 3,700 lb/in<sup>2</sup>. Gas can be withdrawn from the field for use in winter and it is planned that the maximum output rate will rise to about 1,000 million cu.ft per day (more than six times its original peak daily rate) by 1988 when the development is completed.

## ● Sean gas fields

In addition to the seasonal supplies from the South Morecambe and Rough gas fields British Gas has contracted for the provision of seasonal supplies from the Sean fields, situated in the Southern Basin of the North Sea. The Sean fields are planned to supplement seasonal supplies, starting with the 1986/87 winter.



On the day of greatest demand for gas in the 1985/86 winter the South Morecambe and Rough fields produced 690 million cu. ft, contributing 7.5 per cent. of the total supply for that day.

## (ii) Peak storage

These facilities are designed to meet exceptionally high peaks in demand for gas, which occur for short periods in severe winter conditions, and to maintain supplies in the event of a pipeline or other supply disruption. British Gas has built six major liquefied natural gas storage installations in strategic positions. Gas is liquefied and stored at atmospheric pressure and at a temperature of minus 160°C, under which conditions it occupies 1/600th of its gaseous volume at standard temperature and pressure; it can then be re-gasified when extra supply is needed.

Gas is stored for the same purpose in salt caverns, which have been hydraulically excavated nearly 6,000 ft below ground level, at a site in North Humbershire. Gas is compressed into the caverns at pressures of up to 4,000 lb/in<sup>2</sup> at periods of low demand, to be stored at about 1/250th of its volume at standard temperature and pressure, and released when needed. Four caverns are in use and three more are under development.

## (iii) Daily storage

In order to satisfy peak customer requirements during the day, it is economical to have storage available as close as possible to the point of demand. Nearly 1,000 local gas holders, filled mainly at night, fulfil this function, while further storage can be provided by using spare capacity in the transmission system.

## (c) Control of the supply network

The transmission system is controlled at two levels. Central control of the national system is Headquarters-based, with one control room in London, concerned primarily with overall supply strategy, and another in the Midlands, responsible for balancing supply against demand for the whole country on a day-to-day basis. At the second level there are twelve separate regional control centres, each directly connected to the Midlands control room and responsible for meeting demand within its own Region.

The control room in London is responsible for managing the offtake of gas from the fields. It also has responsibility for ensuring that contractual obligations are met and that planned contract quantities are taken. Projected demand for each day is based on estimates of demand made by the Regions which take account of forecast weather conditions. British Gas is normally required to give producers twelve hours' notice of its requirements for the following day.

The national transmission system is monitored continuously from the Midlands control room by telemetry using an extensive microwave network owned by British Gas and supplemented by other telecommunications facilities. The control room collects data from about 200 points on the national transmission system and is able to control valves and some compressor stations by remote operation.

Regional control centres are responsible for meeting the wide variations in demand experienced during the day. These centres have their own telemetry systems and operate in a similar manner to the Midlands control room. They monitor and control a large number of remote points on regional transmission systems, and can draw on gas stored in gas holders and in transmission pipelines. They also work closely with the Headquarters' control rooms in arranging for interruption of supply under sales contracts when necessary.

## 6. Research and development

British Gas undertakes research and development in three main areas: gas utilisation; gas transportation; and gas production and manufacture. Expenditure on research, development and testing in the year ended 31st March, 1986 amounted to £76 million. The main effort is deployed in five research stations and other specialist sites owned by British Gas. Work is also carried out in collaboration with universities and industrial concerns, including other energy companies, both in the United Kingdom and overseas.

Research undertaken by British Gas has led to many important advances in gas-related technology, often with export potential. Prominent among recent advances, the most important of which are described above under "The market for gas" and "The supply network", have been the on-line inspection systems, developed to scan high pressure pipelines from the inside for defects, using magnetic techniques and involving new micro-electronic technology.

For the longer term British Gas has developed technology for producing substitute natural gas from a variety of feedstocks. Current work is concentrated on coal using a slagging gasifier, which also has potential for chemical feedstock production and for electricity generation.



## 7. Consultancy services

British Gas offers a wide range of technology, products, expertise and services for sale overseas through its international consultancy service ("ICS"), which produced revenues of £2.5 million during the year ended 31st March, 1986. ICS provides consultancy services covering all aspects of the gas business, including licensing of gas manufacturing and purification processes, and marketing the products of research. ICS operates on a commercial basis but does not take on the financial risks or funding of overseas projects. Since 1984 ICS has actively sought to exploit opportunities overseas, particularly in those countries where major gas developments are planned.

## C MANAGEMENT AND EMPLOYEES

British Gas operates under the overall direction of an experienced Board. The Chairman is supported by a Chief Executive, a further six executive Directors (five of whom are Managing Directors, each with responsibility for specific business functions) and by four non-executive Directors. Mr. Jewers, one of the five Managing Directors, will retire from the Board in December 1986 and will be replaced by Mr. Sutcliffe, who is already an executive Director of the Company.

### 1. Directors of the Company

Sir Denis Rooke, CBE, FRS, FEng (aged 62) has been Chairman of British Gas since 1976. He joined the gas industry in 1949, after holding a number of engineering appointments he became full-time Member for Production and Supply of the Gas Council in 1966 and Deputy Chairman in 1972. He served on the National Economic Development Council from 1976 to 1980 and was a part-time Member of the British National Oil Corporation from 1976 to 1982.

Mr. R. Evans (aged 59) has been Chief Executive of British Gas since 1983. He has worked for British Gas since 1950 with the exception of six years between 1956 and 1962, when he was employed by Burnmah Oil Company Limited. In 1977 he became Chairman of the East Midlands Region and in 1982 Managing Director, Supplies, at Headquarters.

Mr. C. W. Brierley (aged 57) is Managing Director, Economic Planning. He was appointed to this post in 1982 and became a Corporation board member in January 1985. Prior to this he was Director of Finance and then Director of Economic Planning at Headquarters. He joined British Gas in 1970 from EMI Records Limited.

Mr. C. E. Donovan (aged 52) has been Managing Director, Personnel since 1982, following his appointment as a Corporation board member in 1981. He joined British Gas in 1966 from Richard Costain Limited and held a number of executive positions at regional level before being appointed Director of Industrial Relations at Headquarters in 1977.

Mr. W. G. Jewers, CBE (aged 65), who is a Certified Accountant and a Cost and Management Accountant, is currently Managing Director, Finance but is due to retire from the Board in December 1986. He was appointed to this post in 1982, having been a Corporation board member since 1976. Prior to this he had been Director of Finance since 1969. He entered the gas industry in 1938.

Mr. J. McHugh, FEng (aged 56) is Managing Director, Production and Supply. He was appointed to this post in 1982, having been a Corporation board member since 1979. He joined the gas industry in 1946 and held a number of executive positions at regional level before his appointment as Director (Operations) at Headquarters in 1975. Mr. McHugh is currently President of the Institution of Gas Engineers.

Mr. W. R. Probert (aged 52) is Managing Director, Marketing. He was appointed to this post in 1982 and became a Corporation board member in January 1985. He joined British Gas in 1957 and held a number of regional and headquarters executive positions before his appointment as Marketing Director in 1975 and then as Director of Sales in 1977, both at Headquarters.

Mr. A. Sutcliffe (aged 50), who is a Cost and Management Accountant, will become Managing Director, Finance in December 1986, having been appointed a Corporation board member on 1st August, 1986. He joined British Gas in 1970 from British Rail and has held a number of executive positions at regional level, being appointed a Regional Deputy Chairman in 1980.

Mr. R. H. Bolles (aged 56) was appointed a non-executive Corporation board member in 1981. He is Deputy Chairman of Broadgate Holdings Limited (part of the Edward Lumley group), a Director of Pressac Holdings P.L.C. and was an executive Director of Whesoe PLC from 1975 to 1983. In October 1986 he was appointed a non-executive member of the Severn-Trent Water Authority.

Mr. R. Greenbury (aged 50) was appointed a non-executive Corporation board member in 1976. He is Chief Operating Officer of Marks & Spencer P.L.C. and a non-executive Director of Metal Box P.L.C.

Sir Martin Jacob (aged 57) was appointed a non-executive Corporation board member in 1982. He is a Deputy Chairman of Barclays Bank PLC and Executive Chairman of Barclays de Zoete Wedd Limited, having previously been a Vice-Chairman of Kleinwort Benson Limited from 1976 to 1985. He is also a Director of Christian Salvesen PLC, Commercial Union Assurance Co. plc, The Daily Telegraph plc and is Deputy Chairman of The Securities and Investments Board. He became a Director of the Bank of England in May 1986.

Sir Leslie Smith (aged 67) was appointed a non-executive Corporation board member in 1982. He is a non-executive Director of The BOC Group plc, having previously held the position of Chairman and Chief Executive of that company. He has been a non-executive Director of Cadbury Schweppes plc since 1977.

### 2. Organisation and management

British Gas is organised into a Headquarters and twelve Regions. Headquarters is responsible for formulation of policies, for co-ordination and for the direct management of centralised operations such as gas purchasing, exploration, bulk transmission of gas, negotiation of major industrial sales contracts, and research and development. Regions are largely responsible for customer-related activities, including the distribution and sale of gas, the retailing, installation and servicing of gas appliances, meter-reading and collection of accounts, and the maintenance of emergency services.

The management structure of British Gas reflects the integrated nature of the business. The management of the Company is controlled by the Executive, comprising the Chief Executive and Managing Directors. There is, however, significant delegation of authority to the twelve Regions for the conduct of day-to-day business within a framework of central planning and control.

Headquarters is organised into seven divisions covering production and supply, personnel, marketing, economic planning, finance, resources and external affairs, and research and development. The first five of these are led by Managing Directors; the Chief Executive takes responsibility for the other two divisions. In addition there is a secretariat, led by the Company Secretary, which covers legal services, administration, property management and public relations activities.

The Managing Directors and the Company Secretary are supported by twenty Headquarters Directors, who are not members of the Board. The Headquarters Directors head major segments of the seven divisions and the secretariat, some being responsible for centralised operations and others for policy formulation, planning and co-ordination of regional activities.

Each of the twelve Regions is headed by a Regional Chairman and Regional Deputy Chairman, who are responsible for managing regional operations within national policy guidelines, operating against performance targets agreed annually with the Executive. Regional management structures follow a similar pattern to that of the Headquarters divisions. Regional Chairmen meet regularly with the Chairman and the Executive to discuss policy matters. More detailed co-ordination of policy is achieved through a series of national committees, reporting ultimately to the Executive. These committees cover specific functional activities and include representatives from Headquarters and each of the Regions.

### 3. Employees

At 31st March, 1986 British Gas had 89,747 employees of whom 4,198 were part-time. This total comprises 4,032 management and professional staff, 9,582 technical and supervisory staff, 19,901 craftsmen and apprentices and 56,232 clerical and other employees. In order to provide flexibility to cover fluctuating workloads, the work force is supplemented throughout the year by employees of outside contractors who are principally involved in laying mains and service pipes. At 31st March, 1986 this supplementary work force represented an equivalent of about 13,000 full-time employees.

The number of British Gas employees has reduced in the past five financial years by about 16,000, while the average number of contractors' employees has remained fairly constant. The reduction in direct manpower has been achieved during a period of sustained business growth and reflects the attention paid to improving operational efficiency and the investment by British Gas in new technology. Despite the scale of the manpower reduction, a commitment to resource planning has enabled the majority of the reductions to be achieved by natural wastage, redeployment and control of recruitment.

Approximately 90 per cent. of the employees of British Gas are members of trade unions recognised by the Company. Negotiation and consultation with these unions has been conducted formally for many years within National Joint Councils, whose constitutions provide for a reference to external arbitration by management or trade unions should they fail to agree. This facility has been used very rarely but is viewed by British Gas as important in a service industry where continuity of supply is of considerable significance. British Gas has indicated to employees and trade unions its intention to continue the personnel policies it has developed over the years in support of the business objectives of the Company. These policies relate principally to resource planning, training and development, the maintenance of appropriate reward systems and reliance on its well-established industrial relations arrangements.

Manual employees received an increase of 6 per cent. in basic wage rates plus improvements to other terms and conditions from 19th January, 1986. They have submitted a claim for 1987 and British Gas expects the negotiations to take their normal course. Annual negotiations in respect of salaries and terms and conditions of employment for staff and senior officers, and for higher managers, have still to be concluded.

Over the last ten years significant national industrial action has been confined to a one-day strike in 1981 called by all the trade unions in protest against the possible disposal of the showrooms following the Monopolies and Mergers Commission Report on Appliance Retailing. Less extensive industrial action occurred in the same year in a number of Regions when some shift-work staff took unsuccessful action in support of a pay claim.

### 4. Employee share schemes

The Company has established an employee profit-sharing scheme which will initially be operated in conjunction with the Offer for Sale. It has also adopted an employee savings-related share option scheme. Details of these schemes are set out in Part E of Section VII.

### 5. Pensions

The large number of pension schemes which existed prior to nationalisation and those set up after nationalisation have in more recent years been progressively absorbed into the British Gas Corporation Pension Scheme ("BGCPS") for manual workers and the British Gas Staff Pension Scheme ("BGSPS") for all staff, including management. Both provide for men and women at age 65 to receive a pension of 1/60th of pensionable pay for each year of pensionable service. Annual pension increases in line with movements in the Retail Price Index have been paid consistently for many years. Should this practice cease at any future time, the rules of the two pension schemes require the scheme assets to be applied, to the extent necessary to meet all accrued benefits in respect of service then rendered (including future pension increases), before they can be used for other purposes.

Valuations of both schemes as at 1st April, 1985, which were carried out by their actuary, R. Watson & Sons, confirmed that on the assumptions made (which included allowance for future salary and pensions increases) the assets of the schemes were sufficient to meet the past service liabilities by September 1985 in the BGCPS and will be sufficient to meet the past service liabilities in the BGSPS by March 1987. British Gas pays contributions, as certified by the actuary, which together with members' contributions of 6 per cent. of pensionable pay are sufficient to maintain the solvency of the schemes. From 1st April, 1986 the contribution of British Gas as a percentage of total pensionable pay is 6.0 per cent. (rising to 8.4 per cent. from 1st July, 1988) for the BGCPS and 23.4 per cent. (reducing to 12.6 per cent. from 1st April, 1987) for the BGSPS.

## D FINANCIAL SUMMARY

### 1. Introduction

Financial information on British Gas for the five years ended 31st March, 1986, the date to which the latest audited accounts were drawn up, is set out in full in the accountants' report (Section IV). Throughout this period British Gas has prepared its accounts under the current cost accounting convention. The objective of preparing current cost accounts is to ensure that the profits reflect the surplus arising from the operations of the business after allowing for the impact of price changes on the resources needed to continue the existing business and particularly after allowing for a depreciation charge which represents the cost of maintaining the operating capability of the business. The Directors regard this as particularly important for British Gas because its principal assets have long lives and accordingly replacement costs greatly exceed original historical costs. However, to facilitate comparisons with publicly-quoted companies, full historical cost financial information has also been included in the accountants' report.

It is the intention of the Directors that British Gas should continue to prepare its annual accounts under the current cost convention and to include audited historical cost financial information in the annual accounts in line with its current practice.

As a nationalised industry British Gas was significantly influenced by H.M. Government in its financial affairs. The pattern and level of its profits and cash flow in recent years are of limited relevance since they have been materially affected by the application of financial targets agreed with H.M. Government and since results will in the future be affected by the new capital structure. The targets specified a rate of return on capital employed to be met and operational efficiencies to be achieved over a period of years as well as annual levels of funds to be generated from operations. The pricing policy adopted by British Gas reflected these financial targets.

The target rate of return agreed for the four-year period ending 31st March, 1987 was an average annual current cost operating profit of four per cent. on average total assets less current liabilities at current cost. Over the first three years the average annual return achieved was slightly in excess of this target. The second target was a twelve per cent. reduction in net trading costs per therm of gas sold in the year ending 31st March, 1987 as compared with the year ended 31st March, 1983. For this purpose, net trading costs comprised operating costs of the Corporation except depreciation, replacement expenditure and current cost adjustments; costs were measured in constant prices using the Producer Price Index and the volume of gas sales was measured at seasonal normal temperatures. This target was met within three years. The third target was an annual level of cash generation and this was attained in each of the last five financial years.

All financial targets agreed with H.M. Government will cease to apply when British Gas leaves the public sector.

### 2. Assets

At 31st March, 1986 the net assets of British Gas amounted to £18,183 million on a CCA basis and £7,467 million on an HCA basis. Of these amounts fixed assets accounted for £16,765 million and £6,050 million respectively, made up as follows:

	CCA £ million	HCA £ million
Land and buildings	1,190	363
The pipeline system	13,778	4,111
Gas and oil fields	1,609	1,420
Other	188	156
	<u>16,765</u>	<u>6,050</u>

#### (a) Land and buildings

British Gas owns some 12,000 acres of land (approximately 4,400 acres of which are used in connection with the national transmission system) and a wide range of properties throughout Great Britain. Land and buildings are subject to regular revaluation and the results of the most recent revaluation were incorporated into the current cost balance sheet at 31st March, 1986. This revaluation was carried out by professionally qualified surveying staff of British Gas.

British Gas has two principal categories of freehold and leasehold properties: non-specialised properties, which consist chiefly of offices, showrooms, warehouses, workshops and residential units; and specialised properties, which are predominantly service depots and operational sites. The net book value of non-specialised properties at 31st March, 1986 was £420 million on a CCA basis, equivalent to their open market value, and £162 million on an HCA basis; the net book value of specialised properties at the same date was £734 million on a CCA basis, equivalent to the net current replacement cost, and £200 million on an HCA basis. No site property accounted for more than five per cent. of the aggregate book value (on a CCA basis) of all British Gas properties. Surplus property accounts for the remainder of land and buildings.

#### (b) The pipeline system

The pipeline system includes not only transmission and distribution mains and service pipes but also meters, plant and machinery such as gas reception terminals and compressor stations, and storage facilities (including Rough). The net book value of this system at 31st March, 1986 amounted to £13,778 million on a CCA basis and £4,111 million on an HCA basis.

#### (c) Gas and oil fields

The net book value of the gas and oil field installations was £1,609 million on a CCA basis and £1,420 million on an HCA basis at 31st March, 1986. Of these, the installations at the South Morecambe field, including the related offshore and onshore support facilities, accounted for £533 million and £1,366 million respectively.

#### (d) Capital expenditure

The capital expenditure of British Gas over the last five financial years is summarised below:

	1982 £ million	1983 £ million	1984 £ million	1985 £ million	1986 £ million
Land and buildings	28	63	24	27	56
The pipeline system	272	345	429	376	231
Gas and oil fields	84	249	566	547	218
Other	59	62	69	62	66
<b>Total</b>	<b>443</b>	<b>719</b>	<b>1,088</b>	<b>812</b>	<b>571</b>
The above includes expenditure on South Morecambe and Rough of	117	417	809	488	273
<b>Total excluding expenditure on South Morecambe and Rough</b>	<b>326</b>	<b>302</b>	<b>279</b>	<b>324</b>	<b>298</b>

Capital expenditure of approximately £500 million (including £140 million for South Morecambe and Rough) is projected for the current financial year. Capital expenditure for the next few years is projected to continue at a similar level, including a total of approximately £400 million on the second stage of the South Morecambe development. Future capital expenditure is expected to be financed primarily from internally generated funds.

### 3. Cash flow

In each of the last four financial years British Gas has achieved a positive cash flow notwithstanding the high level of capital expenditure and over the last five financial years taken as a whole it has generated an aggregate cash surplus in excess of £600 million. A large number of its customers are billed on a quarterly cycle, accounting for over 50 per cent. of revenue from gas sales, which compares with its obligations to make monthly payments under gas purchase contracts. In addition, during the course of each year cash flow is particularly affected by the seasonal nature of the business. British Gas has generally met these additional demands for working capital arising in the second half of the financial year (particularly from January to March), by using its cash resources and by borrowing in the short-term money markets.

### 4. Capital structure

During the five years under review the business of British Gas was financed mainly by retained reserves. As a consequence of the transfer of the business of the Corporation to the Company on 24th August 1986 changes have been made to the capital structure. These include the transfer of the liability for the then outstanding £214 million British Gas 3<sup>1</sup>/<sub>2</sub> Guaranteed Stock, 1990-95 to H.M. Treasury and the issue to H.M. Government of ordinary share capital and an unsecured £2,500 million debenture (for which no cash was received). The net effect of these changes has been to increase the indebtedness of British Gas by £2,286 million. Further details are given in Part B of the accountants' report.

### 5. Profit record

The profit record of the Corporation for the five years ended 31st March, 1986 is set out below on a CCA basis and on an HCA basis. This record has been restated to take account of the divestment of certain oil interests (see Part A of the accountants' report) but has not been restated to take account of the new capital structure of British Gas.

	1982	1983	1984	1985	1986
Number of therms sold (millions)	16,876	16,463	17,281	17,744	8,701
<b>CCA</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Turnover	5,106	5,833	6,395	6,914	687
Cost of sales	(2,719)	(2,947)	(3,387)	(3,984)	(598)
Gross profit	2,387	2,886	3,008	2,930	1,089
Operating costs	(2,003)	(2,142)	(2,173)	(2,279)	(401)
Operating profit	384	744	835	651	688
Net interest receivable	46	59	74	61	94
Profit before taxation	430	803	909	712	782
Taxation	(187)	(231)	(154)	(188)	(880)
<b>Profit for the year</b>	<b>243</b>	<b>572</b>	<b>755</b>	<b>524</b>	<b>902</b>
<b>HCA</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Turnover	5,106	5,833	6,395	6,914	7687
Cost of sales	(2,641)	(2,888)	(3,352)	(3,918)	(4535)
Gross profit	2,465	2,945	3,043	2,996	3148
Operating costs	(1,768)	(1,898)	(1,932)	(2,065)	(2442)
Operating profit	697	1,047	1,111	931	1,006
Net interest receivable	46	59	74	61	9
Profit before taxation	743	1,106	1,185	992	1,109
Taxation	(187)	(231)	(154)	(188)	(38)
<b>Profit for the year</b>	<b>556</b>	<b>875</b>	<b>1,031</b>	<b>804</b>	<b>772</b>

#### (a) Five-year review

Within the overall framework of the financial targets, the level of profitability in individual years reflected the need to generate sufficient funds from operations to finance the South Morecambe and Rough projects, particularly during their peak spending period. In addition, external factors had an impact on profitability during the period under review, the major elements being gas costs (which are sensitive to movements in the U.S. dollar oil price and the sterling exchange rate) and the weather. However, underlying the movements in profits over the five years was an upward trend in the number of therms sold by British Gas.



Operating profits for the years ended 31st March, 1982 and 1983 were enhanced as a direct result of substantial increases in tariff prices in 1980, 1981 and 1982. This was in line with a government policy of increasing domestic gas prices by 10 per cent. per annum in real terms over the three-year period in order to ensure that prices reflected the economic cost of supply. In subsequent years British Gas kept tariff price increases at or below the rate of inflation despite significant rises in gas costs, since it was on course to meet the financial targets. The effect of these two factors on operating profit in the year ended 31st March, 1984 was counterbalanced by volume increases in the domestic and commercial markets (largely as a result of the weather being colder than the previous mild winter). However, in the year ended 31st March, 1985, profit was reduced by a significant increase in gas costs, due particularly to the general depreciation of sterling in that year. In the year ended 31st March, 1986 the severe winter weather gave rise to volume increases in the domestic and commercial markets. This led to an increase in profitability, partially offset by an increase in the cost of gas purchased which was not reflected in tariff prices. In the five years ended 31st March, 1986 British Gas achieved an average annual pre-tax return on net assets of 4.8 per cent. on a CCA basis and of 19.5 per cent. on an HCA basis.

#### (i) Weather

The turnover and profits of British Gas were affected by particularly cold winters in the financial years ended 31st March, 1982 and 1986 and by mild weather in the winter of the year ended 31st March, 1983. Abnormal second temperatures have a direct effect on turnover, but the effect on profitability is more complex because of the resulting changes in costs. In cold weather the additional demand from tariff customers is met by supplies from the low-cost Early Southern Basin Fields as well as the seasonal and peak stage facilities, while the increase in revenue from that additional demand more than offsets the reduction in sales to interruptible customers. It is difficult to assess the effect of weather on profits in any particular year because of its interaction with several factors such as the mix of supplies, the pattern of sales and consumer behaviour. However, it is estimated that in the year ended 31st March, 1986 the operating profit increased by about £100 million as a result of the cold weather, both on a CCA and on an HCA basis.

#### (ii) Turnover

Total turnover showed year-on-year growth of 14, 10, 8 and 11 per cent. during the five years under review. In each of those years the gas supply business accounted for more than 90 per cent. of turnover and annual increases in the turnover of the gas supply business of 15, 10, 8 and 11 per cent. were achieved. Increases in the average price per therm of gas sold accounted for 18, 5, 3 and 6 per cent. respectively, while the difference was attributable primarily to changes in the number of therms sold.

#### (iii) Gas prices

During the period under review there were year-on-year increases in average domestic prices per therm of 25, 5, 4 and 4 per cent. In the industrial market increases in average prices of 7, 5, 10 and 8 per cent. were recorded, while in the commercial market they amounted to 14, 4, 5 and 5 per cent.

#### Therms of gas sold

The number of therms of gas sold increased by 11 per cent. during the five years under review. After falling by approximately 2 per cent. in the year ended 31st March, 1983 the number of therms of gas sold rose by approximately 3, 3 and 5 per cent. in the following years. However, British Gas estimates that, if sales are adjusted to seasonal normal temperatures, year-on-year growth of approximately 1, 3, 3 and 4 per cent. was achieved. During the five year period the number of therms sold increased by 13 per cent. in the domestic market (accounting for 62 per cent. of the total increase), 4 per cent. in the industrial market and 1 per cent. in the commercial market.

#### (iv) Gas costs

Average cost per therm of gas purchased (including gas levy) rose from 12p per therm in the year ended 31st March, 1982 to 19.9p per therm in the year ended 31st March, 1986, an increase of 62 per cent. The annual increase in this period were 14, 12, 16 and 10 per cent.

Changes in the mix of supplies, largely resulting from the decline in the proportion of gas taken from the Early Southern Basin Fields relative to the proportion taken from other fields, accounted for approximately one fifth of this total increase in gas costs, equivalent to an increase of approximately 14 per cent. in the average cost per therm purchased over the period under review. On the basis of the current projections of British Gas, however, it is expected that changes in the mix of supplies over the next five years involving reductions in quantities of gas purchased from the Early Southern Basin Fields and from Frigg will increase the average cost per therm purchased by less than half this percentage.

The remaining four fifths of the increase was principally attributable to the operation of price variation provisions in gas purchase contracts. Through these price variation provisions, general inflation (as measured by the Producer Price Index), increases in oil prices and the decline in the value of sterling against the U.S. dollar and European currencies contributed significantly to the increase in gas costs. As a result of the time lag inherent in the operation of the price variation provisions, the very substantial fall in oil prices in the first quarter of 1986 had a negligible impact on gas costs for the year ended 31st March, 1986.

#### (v) Operating costs

These comprise distribution costs and administrative expenses and principally include payroll costs and depreciation. They increased in total from £2,003 million in the year ended 31st March, 1982 to £2,401 million in the year ended 31st March, 1986 on a CCA basis, an increase of 20 per cent. On an HCA basis, operating costs increased from £1,768 million to £2,142 million, an increase of 21 per cent. The year-on-year percentage increases were 7, 1, 5 and 5 per cent. on a CCA basis and 7, 2, 7 and 4 per cent. on an HCA basis.

Payroll costs in total, including the element charged to cost of sales, rose by only 15 per cent. over the five-year period while the number of employees fell by some 16,000 to 89,747 at 31st March, 1986.

Depreciation charges showed a steady increase during the five year period, primarily reflecting the expansion of the supply network.

During the five-year period British Gas achieved operating efficiencies and volume increases which are reflected in the movement in operating costs per therm sold in the gas supply business. On a CCA basis the percentage increases/decreases were 8, (2), 1 and 1 and on an HCA basis the percentage increases/decreases were 8, (1), 3 and (1). These compared with the percentage increases in the Retail Price Index over the same period of 7, 5, 5 and 6. The price formula applicable to the tariff sector under the new regulatory regime will give British Gas a particular incentive to continue to reduce operating costs per therm in real terms in the gas supply business. While the success of British Gas in reducing these costs may be relevant to an assessment of the possible effect of the price formula, it cannot necessarily be regarded as a guide to the future.

#### (vi) Replacement expenditure

British Gas charges replacement expenditure as a trading cost although a number of companies capitalise such expenditure. Since 1st April, 1975 British Gas has charged the cost of replacing certain categories of fixed assets (principally mains, services and meters) against the profit and loss account, capitalising only that expenditure which represents an extension to, or a significant increase in, the capacity of those assets. The table below illustrates what the effect would have been on the HCA operating profit and fixed assets, had replacement expenditure had been capitalised and subject to depreciation:

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£ million				
Increase in operating profit	186	213	230	238	243
Cumulative increase in net book value of fixed assets	289	502	732	970	1,213

In the current cost accounts the capitalisation of replacement expenditure would not affect the total depreciation charge nor the book value of fixed assets.

#### (g) Exploration and production

The exploration and production activities incurred losses in recent years as a result of the decision to continue with a full exploration programme after the divestment of the oil-producing interests of British Gas.

#### (h) Taxation

British Gas is subject to United Kingdom corporation tax, the statutory rates of which for the last five financial years were 52 per cent. for the years ended 31st March, 1982 and 1983, 50 per cent. for the year ended 31st March, 1984, 45 per cent. for the year ended 31st March, 1985 and 40 per cent. for the year ended 31st March, 1986. The rate for the year ending 31st March, 1987 has been set at 35 per cent. The rates of capital allowances have also been reduced in recent years. For capital expenditure incurred on eligible plant and machinery, the capital allowances available in the year of acquisition were 100 per cent. up to 13th March, 1984, 75 per cent. up to 31st March, 1985 and 50 per cent. in the year ended 31st March, 1986. The current rate is 25 per cent.

During the earlier years of the period under review the effective rates of corporation tax payable by British Gas on HCA profits (the basis on which corporation tax is assessed) were substantially less than the statutory rates. This was because there was significant capital expenditure during this period when the rates of capital allowances were high. As referred to in Note 13 of Part A of the accountants' report no provision for tax deferred by capital allowances was required. With the reduction of rates of capital allowances and lower levels of capital expenditure, the effective tax rate on profits increased in the year ended 31st March, 1986 and, on the basis of current expenditure plans, it is expected that the effective rate will now continue at approximately the statutory rate. Nevertheless, timing differences on accelerated capital allowances are not expected to crystallise, and therefore no provision for deferred tax is required.

United Kingdom petroleum revenue tax ("PRT") at a rate of 75 per cent. is chargeable on a field-by-field basis on profits from production of petroleum from United Kingdom and UKCS fields, after royalties (up to 12.5 per cent.) where applicable, and after various costs, production allowances and other adjustments. British Gas has not been liable to PRT to date in respect of production from its existing petroleum interests. Petroleum from its producing fields, apart from South Morecambe and certain small onshore fields, is exempt from PRT because the gas is sold to the Company under contracts entered into before 1st July, 1975. Expenditure on South Morecambe has prevented a PRT liability arising on that field to date and the first PRT liability on South Morecambe is not expected to arise until the late 1990s, although some provision for deferred PRT may be required in the early 1990s.

## OUTLOOK FOR THE FUTURE

### 1. Profit forecast

#### (a) Background to the profit forecast

In view of the seasonal nature of its business, British Gas normally generates all of its annual operating profit during the winter months and the results of the first half of its financial year usually show a loss.

The unaudited operating results of British Gas for the first quarter of the current financial year show a higher profit than for the same period of the previous year, but the 1986 results were affected by a number of exceptional factors (see Section V). However, when the performance of the business since 30th June, 1986 is taken into account, it is expected that the operating results for the first half of the current financial year will be broadly in line with those for the same period of the previous year and are expected to show a small loss on an HCA basis and a larger loss on a CCA basis. Both turnover and gas costs were lower than for the same period in the previous year. The fall in turnover, which was more marked in the second quarter, was almost entirely due to a substantial reduction both in the number of therms sold and in selling prices in the interruptible contract sector. Turnover in the firm contract sector was comparable with that for the previous year while turnover in the tariff sector was higher, largely as a result of colder weather.

The profit forecast for the full year reflects an expected reduction in turnover compared with the previous year. The turnover in the tariff sector is projected to be slightly higher than that of the previous year. For the year as a whole there is expected to be a very substantial reduction in the turnover of the interruptible contract sector and some reduction in the firm contract sector, although a modest recovery in the number of therms sold in the interruptible contract sector is expected during the second half of the financial year.

The profit forecast also reflects an expected significant fall in gas purchase costs (principally as a result of more favourable exchange rates and, to some extent, lower oil prices) which should offset the loss of turnover in the interruptible contract sector.

In comparison with the previous year, the operating results will benefit from expected higher production from the South Morecambe field. Operating costs will increase broadly in line with inflation after allowing for this year's reduction in pension fund contributions and despite the costs associated with the flotation. Additionally, the fall in gas purchase costs will result in the current cost working capital adjustment being a credit (thereby increasing CCA operating profit); in previous years the adjustment has been a charge (thereby reducing CCA operating profit). For this reason the forecast envisages an increase in CCA operating profit greater than the increase in HCA operating profit.

The forecast includes the effect of colder than average temperatures experienced in the first part of this financial year but it is based on the assumption that seasonal normal temperatures will prevail for the remainder of the year. In comparing the forecast with the results for the previous year, the increase in operating profit in that year resulting from the colder than average winter should be noted.

#### (b) Profit forecast

The Directors consider that, in the absence of unforeseen circumstances and on the assumptions set out in Section V (in particular that there will be average weather conditions in the coming winter), the operating profit, the profit before taxation and the profit after taxation for the year ending 31st March, 1987 are unlikely to be less than the amounts set out in the table below:

Profit forecast for the year ending 31st March, 1987		
	CCA	HCA
£ million		£ million
Operating profit	787	1,030
Profit before taxation	836	1,071
Profit after taxation	442	677

The forecast profit before taxation includes interest charges (payable from 8th December, 1986) of £86 million on the debenture issued to H.M. Treasury.

#### (c) Pro forma profit and earnings per share forecast

If the new capital structure had been in place for the whole of the year ending 31st March, 1987 (see Part B of the accountants' report) the related interest charges for the year would be £269 million. On this basis the pro forma profit before taxation, profit after taxation and earnings per share would be as follows:

Pro forma forecast for the year ending 31st March, 1987		
	CCA	HCA
£ million		£ million
Profit before taxation	671	884
Profit after taxation	362	575
Earnings per share	8.7p	13.9p

### 2. Dividend forecast

For the current financial year the Directors expect to pay a single dividend which, in the absence of unforeseen circumstances, is expected to be 4.0 pence per Ordinary Share net (equivalent to 5.6 pence per Ordinary Share inclusive of tax credit), payable in October 1987.

Subsequently, the Directors expect to recommend in respect of the financial year an interim and a final dividend which would normally be payable in March and October respectively. In the absence of unforeseen circumstances, the Directors intend to determine the total dividend payable in reference to the profit after tax at current cost.

If the Offer for Sale had taken place at the beginning of the financial year and the new capital structure had been in place throughout the year, the Directors would have expected, on the basis of the profit after tax at current cost, to recommend dividends totalling 6.5 pence per Ordinary Share (equivalent to 9.2 pence per Ordinary Share inclusive of tax credit). Notional dividends represent a gross yield, at the Offer price, of approximately 6.8 per cent. Compared with the pre-formal dividend of 4.0 pence per Ordinary Share, they would have been covered 1.24 times by the profit after tax at current cost earnings of 8.7 pence per share and 2.13 times by the profit after tax at current cost earnings of 13.9 pence per share.

### 3. Business prospects

British Gas has always sold gas in competition with other fuels and the Directors are confident that it will continue to do so effectively in the future.

#### (a) Domestic market

British Gas has built up a very strong position in the domestic gas market and in the foreseeable future it expects to remain the principal supplier of natural gas to this market. British Gas has gained more than 250,000 domestic customers in each of the last three financial years and the Directors aim to expand the market for gas further, both through the sale of houses, by active marketing. A major element of sales growth is expected to come from new installations of gas central heating systems and British Gas will continue to use its appliance trading activity to promote the sale of gas heating. The main competition in the domestic market is electricity, but the Directors expect that over the next few years gas will maintain its competitive edge and that gas sales in the domestic market will continue to show steady growth after allowing for the effects of the Offer for Sale.

#### (b) Commercial market

In the commercial market the Directors expect continued growth in the consumption of energy as a result of growth in the service sector and the economy. In this market, where there is competition from electricity, the Directors believe that gas prices will, in general, be competitive and that there is good potential for further sales growth.

#### (c) Industrial market

In the industrial market competitive pressures, particularly in response, particularly where customers are able to transfer quickly to oil, gas and an alternative fuel. In the non-premium contract sector of the industrial market British Gas responded to the reduction in oil prices by offering a substantial fall in terms sold; however, following the recovery in oil prices, some sales volumes have been recovered. In the premium contract sector, non-premium market are closely linked to movements in the price of oil, which cannot be predicted with any certainty. British Gas will continue to adopt a responsive position in this sector with the aim of maintaining a profitable business. In this it will be assisted by the fact that the fall in oil prices, which has resulted in a fall in gas costs, will not be realised until the year ending 31st March.

In the premium contract sector of the industrial market, British Gas has over the last year has increased competition but has maintained its volume of sales with some reduction in prices. The Directors believe that the premium qualities of gas as a fuel will continue to enable it to compete effectively and that there are good prospects for growth in this sector in the medium term.

#### (d) Competition in gas supply

In addition to competition with other fuels, British Gas has a potential since 1982 for competition from a new source of gas, the "common carriage" provisions which allow third parties to use the British Gas supply network although no third party has yet exercised any of these common carriage rights. The provisions in the Gas Act 1986 give third parties rights to third parties but retain certain safeguards for British Gas.

The Directors are unable to assess the extent to which a third party will take advantage of the facility to sell gas directly to end users in Great Britain. Existing contracts for the purchase of gas and the requirement for new contracts to replace existing supplies as they expire are based on the assumption that the Company will continue to supply gas to end users for gas. If a substantial proportion of the gas currently sold by British Gas in the tariff sector were to be lost as a result of direct supply, by a third party, it would be a significant adverse effect on profit and would result in a significant effect arising from downward pressure on selling prices. However, it is unlikely that common carriage will be exercised in the year ending 1990 because of the lead time required to bring a new source of gas into the market and British Gas intends to compete effectively in the medium term.

#### (e) Future gas supplies

British Gas has supplies under contract which will last for many years. The Directors believe that supplies under these contracts will be sufficient to meet gas demand in the medium term. During the next five to seven years ahead, British Gas will continue to negotiate for the further supplies of gas required to meet its demand forecast for the mid and late 1990s. There are potential supplies potentially available to Europe with substantial quantities of reserves already discovered but undeveloped on the UKCS, the North Sea and the North Sea and further afield. Subject to necessary government approval, British Gas intends to meet its further supply requirements from a range of sources.

#### (f) South Morecambe

British Gas has recently started to develop the South Morecambe field, which has strategic significance as a source of supply for the gas supply network. Notwithstanding the initially low levels of production, the field is expected to show a growing level of profits and cash flow in the medium term.

#### (g) Other business activities

The Directors recognise that there will be opportunities for the Company's activities by building on its existing strengths. The Company will be wider opportunities to use its expertise in the gas supply business, production, where British Gas already has an extensive network of gas interests, and it plans to extend its activities into other areas where opportunities arise. British Gas will also be able to take advantage of opportunities in areas where its existing technical expertise can be more widely exploited.

#### (h) Regulation

British Gas is not subject to price controls, but it is subject to the control of its current turnover. It is subject to the control of its current turnover under the formula it can retain the profit after tax at current cost to the extent that it is able to better the performance of the other companies in the industry. The achievement of further cost savings will be a key objective for the time, the Directors will aim to achieve a steady increase in the profit after tax over the next five years.

#### (i) Conclusion

The Directors recognise that a number of factors will influence the performance of the Company, which will follow the price of oil, the price of gas, the price of electricity, wider commercial opportunities and the results of the Offer for Sale. They believe that there are good prospects for the Company to achieve a steady increase in the profit after tax over the next five years.





## SECTION II RELATIONSHIP WITH H.M. GOVERNMENT

### A. REMAINING GOVERNMENT INTEREST

Following the Offer for Sale H.M. Government will retain sufficient Ordinary Shares to meet its share bonus entitlements. Where H.M. Government has more shares retained than are required to satisfy outstanding bonus share entitlements, it will sell those shares at its discretion after consultation with N M Rothschild & Sons Limited and British Gas as to the timing and the manner of the disposal. The Secretary of State does not intend to exercise any of the voting rights attaching to the bonus shares although he reserves the right to do so.

The Secretary of State will also hold a Special Share. This share, which may only be held by a Minister or other person acting on behalf of the Crown, does not carry any rights to vote at general meetings but entitles the holder to attend and speak at such meetings. Certain matters, in particular the alteration of specified Articles of Association of the Company (including the Article relating to limitations which prevent a person owning or having an interest in 15 per cent. or more of the Ordinary Shares in British Gas), require the prior consent of the holder of the Special Share. Further details relating to the Special Share are set out in Section VII.

The Company has issued to H.M. Treasury an unsecured debenture of £2.500 million repayable in tranches from 1987 to 1992. This debenture is not transferable from the Crown. Further details of the debenture are set out in Section VII.

### B. COMMERCIAL RELATIONSHIP

Following the Offer for Sale the commercial relationship between British Gas as supplier and H.M. Government as customer will continue to be on a normal customer and supplier basis. In the year ended 31st March, 1986 purchases of gas from British Gas by H.M. Government and other Crown bodies totalled approximately £150 million.

### C. PETROLEUM LICENCES

Licences to search for and produce petroleum onshore and from the UKCS are granted by H.M. Government. Normally each licence details specific work obligations to be carried out by the licensee and contains provisions requiring periodic payments (and, where appropriate, royalties), controlling assignments of any rights under the licence to third parties, and giving H.M. Government the power to revoke the licence in certain circumstances, for example where a licensee has failed to observe the terms and conditions of the licence. The development of a discovery is subject to approval by the Secretary of State of a development and production programme including maximum and minimum rates of production for various periods. H.M. Government has power under the licences to control the rates of production. In the event of British Gas deciding to acquire or apply for further licence interests, H.M. Government would treat it on the same basis as any other private sector exploration company.

### D. GAS IMPORT/EXPORT POLICY

In 1985, while British Gas was a nationalised industry, H.M. Government decided not to endorse a draft contract negotiated by the Corporation for the purchase of gas from the Norwegian Sleipner field. Subsequently the Secretary of State announced on 6th March, 1986 that British Gas would in future be able to import gas subject to the normal requirements for consent under the Petroleum and Submarine Pipe-lines Act 1975 for the laying of pipelines across the UKCS and, in appropriate cases, the conclusion of inter-governmental treaties. British Gas has given an assurance to the Secretary of State that it will consult H.M. Government about its import plans as these develop.

Under the terms of UKCS licences all petroleum produced from the UKCS has to be landed in the United Kingdom unless the Secretary of State consents to landing elsewhere. On 6th March, 1986 the Secretary of State also announced that H.M. Government was prepared to consider applications for waivers of the landing requirement for gas on a case-by-case basis. In doing this it would take into account considerations relating to the security of the United Kingdom's gas supplies without any presumption that exports should not take place in present circumstances.

### ATTITUDE OF OPPOSITION PARTIES TO PUBLIC OWNERSHIP

The policies of Opposition parties are the responsibility of the parties concerned. Set out below is a summary of recent developments and public statements which H.M. Government believes may be relevant in this context.

In its 1983 manifesto, the Labour Party stated that it would "return to public ownership the public assets and rights hived off by the Tories, with compensation of no more than that received when the assets were denationalised". When the Gas Bill was debated in the House of Commons on 10th December, 1985, the Rt. Hon. Stanley Orme MP, speaking from the Opposition Front Bench, indicated that a future Labour Government would reacquire the assets of British Gas. On 2nd October, 1986, the Labour Party Conference agreed a resolution endorsing a policy statement by the National Executive Committee. Inter alia this statement included references to the intention that the next Labour Government should take public utilities fully back into "social ownership". It also said that Labour would establish a British Gas and Oil Corporation. The statement included detailed information about the strategy for bringing British Telecom into full social ownership; British Telecom shareholders would be required to exchange their voting shares for marketable non-voting securities, or accept a return of no more than the flotation price. A resolution to acquire shares in privatised companies without compensation was rejected. No resolutions on public ownership of British Gas were adopted by either the Liberal or Social Democratic parties at their recent conferences, but in debates in the House of Commons on the Gas Bill, Mr. Malcolm Bruce MP indicated that Alliance policy would not be to seek renationalisation but to promote competition and introduce tighter regulation.



## SECTION III REGULATORY ENVIRONMENT

### A. INTRODUCTION

The supply of gas through pipes is subject to a regulatory regime, established under the Gas Act, which is designed to ensure that all reasonable demands for gas are satisfied when it is economical to do so and that gas suppliers are able to finance the provision of gas supply services. Under the regulatory regime there are detailed provisions to protect the interests of gas customers. With certain minor exceptions, the regulatory regime does not apply to the business activities of British Gas other than its primary activity of the supply of gas through pipes.

The Gas Act incorporates, with some modifications, many of the statutory rights and obligations which previously applied to the Corporation and, in some cases, its predecessors. The main new features introduced by the Gas Act are the appointment of a Director General of Gas Supply (the "Director General"), who is responsible for operating and enforcing the regulatory regime, and a system for authorising the supply of gas, subject to regulatory conditions. Unlike the statutory rights and obligations, the conditions of an authorisation can, in general, be modified without further legislation, so ensuring a degree of flexibility to cater for changing circumstances. Modifications of conditions may be made by the Director General with the consent of the gas supplier or following a reference to the Monopolies and Mergers Commission ("MMC").

The regulatory regime as applied to the Company distinguishes between the tariff and contract sectors of the gas supply market. In view of the relatively limited scope for competition associated with gas supply to consumers who take small quantities of gas, the tariff sector has been made subject to certain regulatory requirements, particularly a system of price control. In the contract sector the Company is required to publish certain information on pricing, but otherwise is free to negotiate contracts, subject to general competition law.

### B. THE GAS ACT

Under the Gas Act an authorisation is required to supply gas, except for supplies to premises using more than two million therms per annum. There are two categories of suppliers of gas to whom an authorisation may be granted. One category comprises those authorised by the Secretary of State to supply gas through pipes to premises in a defined geographical area, such suppliers being known as "Public Gas Suppliers"; the Company falls within this category and is the only Public Gas Supplier although there are procedures to authorise other Public Gas Suppliers within Great Britain. In the second category, the authorisation is restricted to the supply of gas to specified premises or classes of premises.

The Gas Act sets out a number of obligations for a Public Gas Supplier. Such a supplier must develop and maintain an efficient, co-ordinated and economical system of gas supply and, subject to this, must comply with any reasonable request for a supply of gas where this is economical. A Public Gas Supplier also has a specific obligation to supply, upon request, any premises within 25 yards of a distribution main (subject to a maximum rate of 25,000 therms per annum). These obligations are similar to those imposed on British Gas under the Gas Act 1972 but the Gas Act 1986 extends the specific obligation to supply to premises already connected to a distribution main (subject to the same maximum rate).

In addition, a Public Gas Supplier is required to meet certain safety requirements, to comply with prescribed standards of gas quality, and to charge for gas according to the number of therms supplied. In general, for supplies of 25,000 therms per year or less, there are requirements for the use of published tariffs as a basis for charging and these tariffs must not show undue preference or undue discrimination in their application. There are also requirements limiting connection charges for a gas supply. In addition to these obligations, a Public Gas Supplier must comply with a statutory Public Gas Supply Code, which includes detailed provisions relating to gas escapes, the maintenance of service pipes and the supply and maintenance of meters. A Public Gas Supplier must also comply with any directions given by the Secretary of State on the granting of an authorisation which prohibit the unfair commercial use of information obtained by it in the course of negotiations for any supply of gas to it. Such directions have been given to the Company.

The Gas Act also gives a Public Gas Supplier certain powers similar to those conferred on the Corporation by the Gas Act 1972. These include powers in appropriate circumstances to break up streets for the purpose of laying pipes, to purchase land compulsorily and to enter premises, as well as procedures for disconnection.

The Gas Act continues provisions to enable third parties to use gas pipelines owned by a Public Gas Supplier ("common carriage"). The Director General may specify the terms on which a Public Gas Supplier may be required to convey gas for another supplier when it has spare capacity, or increase the capacity of, or otherwise modify, a proposed or existing pipeline to accommodate another supplier's gas. Any terms of charge for common carriage specified by the Director General must entitle the Public Gas Supplier to recover the proportion of its costs and return on capital, which reflect the use made of its pipeline system. The Gas Act also enables the Director General to specify the terms on which a Public Gas Supplier must make gas available to third party suppliers with common carriage rights, but this is only required when third party suppliers are temporarily unable to obtain gas from other sources and when the Public Gas Supplier can make gas available without prejudicing its own statutory and contractual obligations.

### C. THE DIRECTOR GENERAL

The first Director General, James McKinnon, was appointed by the Secretary of State on 18th August, 1986 for a three-year period. He was previously Finance Director of Imperial Group PLC and is a former President of the Institute of Chartered Accountants of Scotland. The Director General is supported by a staff of about 20 at the Office of Gas Supply.

The Director General is responsible for enforcing both the conditions of a Public Gas Supplier's authorisation and the principal obligations imposed on it directly by the Gas Act. For this purpose he may make an order requiring compliance, which is enforceable in the Courts. Contravention of such an order by a supplier can result in liability for damages to third parties suffering loss. The Director General is also responsible for initiating modifications to the conditions of a Public Gas Supplier's authorisation, which relate to the tariff market, and for monitoring developments in the gas supply market.

Both the Director General and the Secretary of State have a duty to carry out the functions assigned to them by the Gas Act in a manner best calculated to secure that authorised gas suppliers satisfy all reasonable demands for gas where it is economical to do so and that they are able to finance the provision of gas supply services. Subject to this duty, the Director General and the Secretary of State must exercise their functions in a way which protects the interests of gas consumers (in respect of the prices charged and the other terms of supply, the continuity of supply and the quality of the gas supply services provided); promotes efficiency and economy in gas supply; encourages the efficient use of gas; protects the public from danger; and enables effective competition for supplies exceeding 25,000 therms per annum. They must also take particular account of certain needs of the elderly and the disabled in respect of the quality of the gas supply services provided.

The Director General is independent of the Secretary of State. In certain limited circumstances the Secretary of State may give general directions to the Director General, who may only be removed from office on grounds of incapacity or misbehaviour.

### D. THE GAS CONSUMERS' COUNCIL

The Gas Act also creates a new Gas Consumers' Council which replaces the former National and Regional Gas Consumers' Councils. The new Council is an independent body, whose main function is the investigation of complaints; it may also give advice to the Director General on matters relating to tariff customers.

### E. THE AUTHORISATION

Since 24th August, 1986 the Company has been authorised as a Public Gas Supplier to supply gas to any premises within Great Britain. The Authorisation, which is publicly available, imposes the requirements mentioned below, in the form of conditions.

The Company is required to take all reasonable steps in setting its prices for tariff customers to secure that in each financial year the average price does not exceed a maximum determined by a price formula. The price formula, which is summarised in Part F below, comes into effect on 1st April, 1987. Until then tariff prices may not be increased.

Although standing charges for tariff customers are part of the maximum average price subject to control by the price formula, the Authorisation also requires that standing charges should not be increased by more than the cumulative percentage increase in the Retail Price Index from the base level in December 1985 while the price formula is in operation.

The Company is required by the Authorisation to publish separate accounts for its gas supply business. The basis of allocation of any revenue, costs, assets and liabilities between gas supply and the other business activities must be reported to the Director General and his approval sought for any changes.

The Company is also required to publish certain other information. This includes publication of a schedule of maximum prices for gas supplied in the contract sector and of a statement relating to its pricing policy in that sector; information concerning the arrangements for common carriage and back-up supplies, giving examples of the prices which would be charged for common carriage; codes of practice for tariff gas supplies and payment of bills; a summary of the principles by which charges for new connections are set; and information on the efficient use of gas.

Other requirements of the Authorisation cover the provision of an emergency service to receive reports of gas escapes; special services for the elderly and the disabled; the provision of information to the Director General and Gas Consumers' Council; and payment of an annual fee to the Secretary of State to cover the costs of regulation.

The conditions of the Authorisation may be modified at any time by agreement between the Company and the Director General, unless the Secretary of State objects. The Director General may also refer to the MMC at any time matters relating to the supply of gas to tariff customers and may propose modifications of the conditions of the Authorisation which, in his opinion, could remedy or prevent the effects specified in the reference which are or may be adverse to the public interest. The MMC is then required to determine whether these matters operate, or may be expected to operate, against the public interest and in so doing the MMC must have regard to the duties of the Secretary of State and the Director General. If the MMC considers that such a matter may operate against the public interest and proposes modifications to the conditions of the Authorisation, the Director General must then make the modifications which he believes to be necessary to remedy or prevent the adverse effects identified by the MMC.

The Company does not have any right to require a modification of the conditions of the Authorisation. However, it can request the discontinuation of the price control condition with effect from a date not earlier than 1st April, 1992. If it does so, the price control condition will cease to apply unless a reference to the MMC is made by the Director General and the MMC concludes that the cessation of the condition in whole or in part would or might be expected to operate against the public interest.

The Director General does not have the power to refer to the MMC matters relating to gas supply to contract customers. The contract sector is subject to general competition law. If any reference to the MMC under that law results in an order being made by the Secretary of State for Trade and Industry in relation to the supply of gas to contract or tariff customers, he may also modify the conditions of the Authorisation to give effect to the order.

The Authorisation runs for a minimum period of 25 years and may be terminated thereafter by the Secretary of State, provided at least ten years' prior notice has been given. The Authorisation could, however, be revoked before its expiry on various specified grounds including insolvency, cessation of business, non-compliance with enforcement orders made by the Director General and non-compliance with orders issued by the Secretary of State for Trade and Industry under certain provisions of general competition law.

### F. PRICE FORMULA

The price formula, which only applies in the tariff sector, is set out below:

$$M_t = \left(1 + \frac{RPI_t - 2}{100}\right) \times P_{t-1} + Y_t - K_t$$

maximum average price =

factor to adjust the previous year's non-gas component by the change in the Retail Price Index less two percentage points	×	previous year's non-gas component	+	gas costs	-	positive or negative correction factor
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where

- $M_t$  = the maximum average price per therm in year  $t$ ;
- $RPI_t$  = the percentage change in the Retail Price Index between that for October in year  $t$  and that for the preceding October;
- $P_{t-1}$  = the non-gas component of the price per therm in the prior financial year,  $t-1$ ;
- $Y_t$  = the gas cost per therm in year  $t$ ;
- $K_t$  = the correction factor per therm to be made in year  $t$  (the correction factor will be positive if in year  $t-1$  the actual price charged exceeded the maximum determined by the formula, negative if the actual price was lower than the maximum);

and where  $t$  represents the relevant financial year.

The broad effect of the formula is to divide the maximum price per therm into two key components, one relating to the cost of gas, and the other a non-gas component.

The gas component (denoted by  $Y$  in the formula) is effectively the average cost in pence per therm to the Company of obtaining gas. The major part comprises payment by the Company to its suppliers. For gas produced by the Company itself (since it is deemed to be the market price as determined by the Inland Revenue for taxation purposes). The Authorisation also provides for certain other costs to be included such as the gas levy and capacity charges. Prepayments under take-or-pay arrangements are generally included in the gas costs component in the year in which delivery occurs.

The non-gas component (denoted by  $P$  in the formula) is an amount in pence per therm, changes in which are limited to the change in the Retail Price Index less two percentage points ( $RPI-2$ ). The starting point for the non-gas component is its determination of the maximum price for the first year of the formula's operation, the year commencing 1st April, 1987, will be equal to the average tariff price in the current financial year less the average cost of gas in the current financial year.

An important feature of the price formula is that it sets the maximum price for each financial year by reference to the gas cost and the Retail Price Index in the year in setting its price, therefore, the Company needs to forecast the components of its price formula for the year ahead. Because forecast and out-turn are unlikely to be exact, the same, the price formula incorporates a third component, the correction factor (denoted by  $K$  in the formula). The correction factor allows for any under or overcharging in one year to be corrected subsequently. After the end of each financial year, if the average price actually charged by the Company in that year differs from the maximum calculated according to the price formula, a correction corresponding to the difference is made in the calculation of the maximum for the next year after making two adjustments. First, there is an addition to the correction representing the year's interest on the amount of the correction, at a market rate. In the case where the price is less than the maximum, or at three per cent. above the market rate in the case where the price is in excess of the maximum. Secondly, an adjustment is made to take account of any change in the number of therms supplied from one year to the next.

The Authorisation provides for involvement by the Director General if there are significant errors in forecasting. If the average price actually charged exceeds the maximum determined by the formula by more than four per cent. of the maximum price, the Director General must be given an explanation by the Company and must be satisfied that a further excess is not likely before the Company is allowed to increase its prices in the next year. If the excess in one year added to the excess in the next year comes to more than five per cent. of the maximum average price in the second of the two years, the Director General may intervene to set prices in the third year at a level which in his judgement would be unlikely to exceed the maximum average price in that year. Finally, if the average price actually charged is lower than the maximum by ten per cent. in each of two successive years, the Director General may limit the correction carried forward to the following year to ten per cent.



## SECTION IV ACCOUNTANTS' REPORT

The following is the text of a report from Price Waterhouse, the reporting accountants:

The Secretary of State for Energy  
The Directors, British Gas plc  
The Directors, N M Rothschild & Sons Limited  
The Directors, Kleinwort Benson Limited

Southwark Tower  
32 London Bridge Street  
London SE1 1Y  
21st November, 86

Gentlemen,

British Gas plc (the "Company") was incorporated on 1st April, 1966 and since that date has not prepared any financial statements for presentation to shareholders and has not declared or paid any dividends. The Company did not trade until 24th August, 1986, at which date the property, rights and liabilities (other than the 3% Guaranteed Stock, 1990-95) of the British Gas Corporation vested in the Company.

We have audited the financial statements of the British Gas Corporation and its subsidiaries (the "Group") for the five years ended 31st March, 1986. The financial information set out in Part A below has been based on these financial statements after making such adjustments as we consider appropriate and has been prepared under two conventions: the current cost convention described in Statement of Standard Accounting Practice Number 16 and the historical cost convention. Our work has been carried out in accordance with the Auditing Guideline "Prospectuses and the listing accountant".

In our opinion the financial information set out in Part A gives a true and fair view of the profit and source and application of funds of the Group for each of the five years ended 31st March, 1986 and of the state of affairs of the Group at the end of each of these years under the current cost convention and the historical cost convention.

No financial statements of the Group have been audited for any period subsequent to 31st March, 1986.

The pro forma financial information for the year ended 31st March, 1986, which incorporates the effect of implementing the new capital structure of British Gas plc, is set out in Part B below. In our opinion this pro forma financial information has been properly prepared on the basis set out in the notes thereto.

### A. FINANCIAL INFORMATION

The information in this Part has been prepared using the accounting policies adopted currently by British Gas plc and by the Group in its financial statements for the years ended 31st March, 1985 and 1986. These policies differ in certain respects from those which were applied by the Group in financial statements of earlier years. Adjustments have been made to the profits and net assets shown by previously published financial statements in order to apply policies consistently throughout the five years ended 31st March, 1986. In addition, adjustments have been made to eliminate the results, assets and liabilities (other than certain residual balances) of the oil interests which were divested in 1983 and 1984 without compensation. The adjustments which have been made to the results are summarised in Note (21).

#### Accounting policies

The information in this Part has been prepared under the current cost convention, in accordance with Statement of Standard Accounting Practice Number 16, and under the historical cost convention.

Under the current cost convention, provision is made in the financial information for the effects of specific price changes on the resources necessary to maintain the operating capability of the business.

The principal accounting policies adopted for current cost purposes are noted in paragraphs (a) to (i) below. These accounting policies apply equally to the historical cost financial information except as described in (b), (c) and (g) below.

#### (a) Basis of consolidation

The financial information consolidates the financial statements of the British Gas Corporation and each of its subsidiaries for each of the five years ended 31st March, 1986.

#### (b) Tangible fixed assets

##### Current cost valuation:

Tangible fixed assets are stated in the current cost balance sheet at their value to the business, being current replacement cost less accumulated depreciation. Additions are included at actual cost, after deducting grants and capital contributions from customers.

Expenditure on the field development of gas and oil reserves is that expenditure incurred on tangible fixed assets following a decision to develop such reserves commercially.

The value to the business has been assessed on the following bases:

- (i) land and buildings—valuation by the Group's professional surveying staff on a continuous basis;
- (ii) regional mains, services, meters and storage—application of calculated industry average unit replacement costs to the physical distances or quantities in use; and
- (iii) all other tangible fixed assets, including the national transmission system and field development of gas and oil reserves—indexation of historical costs using appropriate indices.

The assessment of value to the business involves certain estimates being made. These estimates may be subject to continuing revision in future years as more information becomes available.

##### Depreciation:

The assets referred to in sub-paragraphs (i) to (iii) below are subject to straight line depreciation, while the assets referred to in sub-paragraph (iv) below are subject to throughput depreciation.

- (i) Freehold land is not depreciated, but the gross value to the business of buildings standing thereon is depreciated over varying periods, depending on the type of construction, with a maximum of fifty years.
- (ii) The gross value to the business of leasehold premises is depreciated over the period to the next rent review. Specialised leasehold buildings are depreciated over the term of the lease or fifty years, whichever is the shorter.

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## British Gas plc continued

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- (iii) The distribution systems and all other tangible fixed assets are depreciated at rates sufficient to write off the gross current cost of individual assets over their estimated useful lives. The depreciation periods for the principal categories of assets are as follows:

55 years—distribution mains
48 years—transmission pipelines
43 years—national transmission system
40 years—gas holders and brick or concrete storage tanks
30 years—service pipes
20 years—meters, metal storage tanks and plant and machinery
10 years—electronic and electrical control equipment
5 years—mobile plant and machinery, furniture, fittings and office machinery and motor vehicles.

- (iv) Expenditure on the field development of gas and oil reserves is not depreciated until such time as production commences from the fields concerned. When production has commenced, the present estimated cost of the field developments, including estimated expenditure to completion in current cost terms, is depreciated on the throughput basis by reference to the volume of gas and oil produced each year from the fields, compared with the total estimated recoverable reserves of those fields. Both the estimates of recoverable reserves and the estimated cost of the completed developments are reviewed annually and the rates of depreciation adjusted accordingly.

**Replacement expenditure:**

Since 1st April, 1975 the Group has charged the cost of replacing certain categories of tangible fixed assets (principally mains, services and meters) as a trading cost, treating as an addition to tangible fixed assets only that expenditure which represents an extension to, or a significant increase in, capacity of its tangible fixed assets.

The replacement expenditure, historical cost depreciation and supplementary depreciation together represent the total current cost depreciation charge. Supplementary depreciation is that additional sum necessary to bring the aggregate of replacement expenditure and historical cost depreciation up to a full current cost depreciation charge and any change in the level of replacement expenditure is compensated by a movement in supplementary depreciation.

**Historical cost:**

Tangible fixed assets in the historical cost balance sheet are stated at actual cost, after deducting grants and capital contributions from customers, less accumulated depreciation (except as noted below) provided to write off cost over the estimated useful life of each asset.

Depreciation is not provided on certain categories of tangible fixed assets (principally mains, services and meters) acquired prior to 1st April, 1975 because replacement expenditure, which represents the renewal of such assets, is written off when incurred. The asset lives outlined above have been applied in preparing historical cost financial information.

**(c) Stocks**

Stocks are stated in the current cost balance sheet at current cost less provision for deterioration and obsolescence. In the historical cost balance sheet stocks are stated at cost less provision for deterioration and obsolescence.

**(d) Site restoration costs**

Licencees of United Kingdom Continental Shelf oil and gas fields are required to restore the sea bed at the end of the producing lives of the fields to a condition acceptable to H.M. Government. Provision is made for site restoration costs, calculated by field by field principally on a throughput basis similar to that used for depreciation. Estimates of such costs (based on price levels at the balance sheet date), which are subject to considerable uncertainty, are reviewed annually.

**(e) Deferred taxation**

Deferred taxation, in respect of accelerated capital allowances and other timing differences, is provided only to the extent that it is probable that a liability or asset will crystallise.

**(f) Turnover**

Turnover represents the value of gas sold (less standing charge rebates) which includes an assessment of gas consumed but not yet invoiced to customers, together with the value of appliances sold and services rendered.

**(g) Current cost working capital adjustments**

The cost of sales adjustment is the difference between the current cost at the date of sale and the historical cost of stocks sold. It is calculated by applying appropriate indices, to reflect changes in input costs, to average stocks of gas, appliances and installation materials.

The monetary working capital adjustment represents the movement in working capital attributable to changes in input prices during the year. It has been calculated using appropriate indices and average monetary working capital during the year. Monetary working capital comprises debtors and payments in advance, accrued revenue for gas, hire purchase and deferred payment accounts and sundry stocks, less trade and sundry creditors.

**(h) Research and development expenditure**

Expenditure on research, testing and development is written off when incurred.

**(i) Exploration expenditure**

Expenditure on exploration for gas and oil is written off when incurred.

**Consolidated current cost profit and loss accounts**

		Years ended 31st March				
	Notes	1982	1983	1984	1985	1986
		£m	£m	£m	£m	£m
Turnover	(1)	5,106	5,833	6,395	6,914	7,687
Cost of sales		(2,719)	(2,947)	(3,387)	(3,984)	(4,598)
Gross profit		2,387	2,886	3,008	2,930	3,089
Distribution costs		(1,471)	(1,545)	(1,552)	(1,607)	(1,711)
Administrative expenses		(532)	(597)	(621)	(672)	(690)
Current cost operating profit	(2a)(3)	384	744	835	651	688
Net interest receivable	(4)	46	59	74	61	94
Current cost profit before taxation		430	803	909	712	782
Taxation	(5)	(187)	(231)	(154)	(188)	(380)
Current cost profit for the year	(14a)	243	572	755	524	402

**Consolidated current cost balance sheets**

	Notes	1982 £m	1983 £m	At 31st March 1984 £m	1985 £m	1986 £m
Fixed assets						
Tangible assets	(6a)	12,363	13,679	14,943	15,546	16,765
Current assets						
Stocks	(7)	159	181	182	188	176
Debtors	(8)	1,310	1,566	1,730	1,905	2,086
Investments	(9)	511	708	739	758	939
Cash at bank and in hand		24	17	33	30	25
		2,004	2,472	2,684	2,881	3,226
Creditors (amounts falling due within one year)	(10)	(1,014)	(1,216)	(1,364)	(1,429)	(1,556)
Net current assets		990	1,256	1,320	1,452	1,670
Total assets less current liabilities		13,353	14,935	16,263	16,998	18,435
Creditors (amounts falling due after more than one year)	(11)	(372)	(366)	(353)	(340)	(217)
Provisions for liabilities and charges	(12)	(19)	(22)	(25)	(29)	(35)
		12,962	14,547	15,885	16,629	18,183
		12,962	14,547	15,885	16,629	18,183
Reserves	(14a)					

**Consolidated historical cost profit and loss accounts**

	Notes	1982 £m	1983 £m	Years ended 31st 1984 £m	March 1985 £m	1986 £m
Turnover	(1)	5,106	5,833	6,395	6,914	7,687
Cost of sales		(2,641)	(2,888)	(3,352)	(3,918)	(4,539)
Gross profit		2,465	2,945	3,043	2,996	3,148
Distribution costs		(1,257)	(1,328)	(1,340)	(1,421)	(1,494)
Administrative expenses		(511)	(570)	(592)	(644)	(648)
Historical cost operating profit	(2b)(3)	697	1,047	1,111	931	1,006
Net interest receivable	(4)	46	59	74	61	94
Historical cost profit before taxation		743	1,106	1,185	992	1,100
Taxation	(5)	(187)	(231)	(154)	(188)	(380)
Historical cost profit for the year	(14b)	556	875	1,031	804	720

**Consolidated historical cost balance sheets**

	Notes	1982 £m	1983 £m	At 31st March 1984 £m	1985 £m	1986 £m
<b>Fixed assets</b>						
Tangible assets	(6b)	3,439	4,045	5,002	5,665	6,050
<b>Current assets</b>						
Stocks	(7)	158	180	181	187	175
Debtors	(8)	1,310	1,566	1,730	1,905	2,086
Investments	(9)	511	708	739	758	939
Cash at bank and in hand		24	17	33	30	25
		2,003	2,471	2,683	2,880	3,225
<b>Creditors (amounts falling due within one year)</b>	(10)	(1,014)	(1,216)	(1,364)	(1,429)	(1,556)
<b>Net current assets</b>		989	1,255	1,319	1,451	1,669
<b>Total assets less current liabilities</b>		4,428	5,300	6,321	7,116	7,719
<b>Creditors (amounts falling due after more than one year)</b>	(11)	(372)	(366)	(353)	(340)	(217)
<b>Provisions for liabilities and charges</b>	(12)	(19)	(22)	(25)	(29)	(35)
		4,037	4,912	5,943	6,747	7,467
<b>Reserves</b>	(14b)	4,037	4,912	5,943	6,747	7,467

**Consolidated statements of source and application of funds**

Notes	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Source of funds					
Current cost profit before taxation	430	803	909	712	782
Supplementary depreciation	242	248	248	221	269
Current cost working capital adjustments	71	55	28	59	49
Historical cost profit before taxation	743	1,106	1,185	992	1,100
Historical cost depreciation	96	107	117	139	162
Provision for site restoration costs	2	3	3	4	6
Funds generated from operations	841	1,216	1,305	1,135	1,268
Proceeds from disposal of tangible fixed assets	7	7	12	10	34
Oil field interest (Note 9))	—	—	—	85	—
Total funds generated	848	1,223	1,317	1,230	1,292
Application of funds					
Taxation paid	130	173	235	131	262
Additions to tangible fixed assets	443	719	1,088	812	571
Increase/(decrease) in working capital (Note 16))	321	97	(46)	93	267
Total funds utilised in operations	894	989	1,277	1,036	1,100
Movement in investments/borrowings					
Investments—increases	91	197	31	19	181
Bank loans and short-term borrowings—(increase)/decrease	(146)	31	(4)	162	(112)
Creditors (amounts falling due after more than one year)—decrease	9	6	13	13	123
Net funds generated/(absorbed)	(46)	234	40	194	192

**Notes to the financial information****(1) Turnover by activity**

Turnover, which is substantially all in respect of sales to United Kingdom customers, is attributable to the following activities:

Notes	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Gas supply	4,678	5,379	5,919	6,396	7,109
Installation and contracting	182	211	229	236	275
Appliance trading	227	226	229	247	278
Exploration subsidiaries	42	44	41	38	94
Other activities	31	17	18	31	21
Less: intra-group sales	(516)	(587)	(643)	(698)	(777)
	(54)	(44)	(41)	(54)	(90)
	5,106	5,833	6,395	6,914	7,687

**(2) Operating profit by activity**

Operating profit is attributable to the following activities:

**a Current cost:**

Notes	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Gas supply	406	786	852	690	703
Installation and contracting	(21)	(9)	2	7	11
Appliance trading	(11)	(6)	3	9	12
Exploration subsidiaries	(30)	(27)	(61)	(43)	
Other activities	10	3	3	8	3
	384	744	835	651	688

**b Historical cost:**

Notes	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Gas supply	698	1,074	1,118	958	1,006
Installation and contracting	(19)	(7)	3	8	13
Appliance trading	3	4	9	14	17
Exploration subsidiaries	2	(29)	(25)	(58)	(39)
Other activities	12	5	6	9	9
	697	1,047	1,111	931	1,006

Income and costs are allocated specifically to the activity to which they relate wherever possible; however, because of the integrated nature of the Group's activities it is also necessary to apportion certain costs between activities.

**(3) Operating profit**

Operating profit is stated after charging:

	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Gas prime materials <sup>(1)</sup>	1,739	1,847	2,261	2,830	3,376
Gas levy <sup>(2)</sup>	394	524	527	504	520
Salaries, wages and associated costs	1,042	1,104	1,147	1,179	1,202
Replacement expenditure <sup>(3)</sup>	230	264	267	303	318
Historical cost depreciation	96	107	117	139	162
Research, testing and development <sup>(3)</sup>	64	67	70	69	76
Exploration expenditure	20	39	30	60	38
Leasing rentals	22	16	11	17	27
Plant, machinery and equipment	14	22	24	33	21
Other assets	2	3	3	4	6
Provision for site restoration costs	2	3	3	4	6

The additional charges made in arriving at current cost operating profit are as follows:

	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Supplementary depreciation	242	248	248	221	269
Cost of sales adjustment	13	11	4	9	5
Monetary working capital adjustment	58	44	24	50	44
Difference between current cost and historical cost operating profit <sup>(3)</sup>	313	303	276	280	318

<sup>(1)</sup> These are the principal components of cost of sales. Cost of sales represents direct costs of product sales. Other categories of expenditure identified above are primarily charged to distribution costs and administrative expenses.

<sup>(2)</sup> Incorporates all costs categorised as replacement expenditure and research, testing and development, including an element of the salaries, wages and associated costs shown above.

<sup>(3)</sup> As a nationalised industry, the Group was not required to include a gearing adjustment in the current cost profit and loss accounts for the five years ended 31st March, 1986.

The Directors' remuneration amounted to £0.4 million in each of the years ended 31st March, 1982 to 1985 and £0.5 million in the year ended 31st March, 1986.

Salaries, wages and associated costs comprise:

	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Wages and salaries	783	835	878	910	929
Social security costs	78	72	71	66	65
Other pension costs	181	197	198	203	208
	1,042	1,104	1,147	1,179	1,202

Average number of employees

1982	105,800	1983	103,300	1984	99,300	1985	95,600	1986	91,900
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The auditors' remuneration amounted to £0.4 million in the year ended 31st March, 1982, £0.5 million in each of the years ended 31st March, 1983 to 1985, and £0.6 million in the year ended 31st March, 1986.

**(4) Net interest receivable**

	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Interest receivable	81	102	108	93	130
Interest payable	(29)	(37)	(28)	(26)	(30)
Loans wholly repayable within five years	(6)	(6)	(6)	(6)	(6)
Loans not wholly repayable within five years	46	59	74	61	94

**(5) Taxation**

The charge for taxation comprises:

	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
United Kingdom corporation tax	187	231	154	188	380
Statutory rate of corporation tax	52%	52%	50%	45%	40%

United Kingdom corporation tax is chargeable on the basis of historical cost profits. No provision for deferred taxation has been required in the five years ended 31st March, 1986. The net effect of these two factors, other than in the year ended 31st March, 1986, has been to reduce the effective rate of tax, when measured against current cost profits before taxation, below the statutory rate, as shown below:

	1982	1983	1984	1985	1986
£m	£m	£m	£m	£m	£m
Corporation tax at statutory rates on current cost profits	223	418	455	320	313
Effect on tax charge of current cost adjustments	163	157	138	126	127
Corporation tax at statutory rates on historical cost profits	386	575	593	446	440
Effect on tax charge of accelerated capital allowances and other timing differences	(171)	(315)	(493)	(228)	(86)
Prior year and other adjustments	(28)	(29)	54	(30)	26
Taxation charge	187	231	154	188	380



## British Gas plc continued

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The net current replacement cost of land and buildings comprises:

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Freehold	937	961	973	1,012	1,093
Long leasehold	61	82	80	85	84
Short leasehold	10	11	11	10	13
	1,008	1,054	1,064	1,107	1,190

The total current cost depreciation charge for the year ended 31st March, 1986 comprised the following:

Land and buildings	33
Mains	316
Services	110
Storage	45
Meters	54
Plant and machinery	159
Field development of gas and oil reserves	32
	749

Comprising:

Historical cost depreciation	162
Replacement expenditure	318
Supplementary depreciation	269
	749

## b Historical cost:

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Historical cost					
Land and buildings	285	344	367	393	445
Mains	1,987	2,070	2,150	2,275	2,350
Services	364	390	418	445	475
Storage	232	283	320	356	383
Meters	139	152	175	199	227
Plant and machinery	749	910	970	1,076	1,138
Field development of gas and oil reserves	157	371	986	1,333	1,530
	3,913	4,620	5,686	6,477	7,008

## Accumulated depreciation

Land and buildings	51	57	65	74	82
Mains	143	172	202	234	269
Services	21	30	36	43	51
Storage	5	6	8	11	15
Meters	8	12	16	20	26
Plant and machinery	177	219	270	329	375
Field development of gas and oil reserves	69	79	87	103	130
	474	575	684	812	958

## Net book amount

Land and buildings	234	287	302	319	363
Mains	1,844	1,898	1,948	2,041	2,081
Services	343	360	382	402	424
Storage	227	277	312	345	368
Meters	131	140	159	179	201
Plant and machinery	572	691	700	747	763
Field development of gas and oil reserves	88	292	899	1,230	1,420
	3,439	4,045	5,002	5,665	6,050

The net book amount of land and buildings comprises:

Freehold	186	222	238	257	300
Long leasehold	43	59	59	57	58
Short leasehold	5	6	5	5	5
	234	287	302	319	363

The total historical cost depreciation charge for the year ended 31st March, 1986 comprised the following:

Land and buildings	10
Mains	36
Services	9
Storage	16
Meters	6
Plant and machinery	78
Field development of gas and oil reserves	27
	182
Less: profit on sale of tangible fixed assets	(20)
	162

## (7) Stocks

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Raw materials and consumables	79	87	84	80	80
Work in progress	7	8	7	13	8
Finished goods and goods for resale	73	86	91	95	88
Current cost	159	181	182	188	176
Less: current cost uplift	(11)	(11)	(11)	(11)	(11)
Historical cost	158	180	181	187	175

## (8) Debtors

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Amounts falling due within one year:					
Trade debtors	567	587	619	711	747
Accrued revenue for gas	578	758	881	953	1,050
Other debtors	29	33	31	33	17
Prepayments and accrued income	63	120	91	62	11
	1,237	1,498	1,622	1,759	1,901
Amounts falling due after one year:					
Trade debtors	30	24	22	23	25
Other debtors	7	8	10	9	8
Prepayments and accrued income	36	36	76	114	152
	1,310	1,566	1,730	1,905	2,086

Prepayments and accrued income falling due after one year are amounts in respect of gas paid for but not yet taken. Maturity dates are not currently determinable as this depends on the demand for gas in future periods.

## (9) Investments

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Deposits with the National Loans Fund	300	300	300	384	313
Certificates of tax deposit	210	400	435	235	210
Money market investments	1	8	4	139	416
	511	708	739	758	939

Deposits with the National Loans Fund included £84 million and £13 million at 31st March, 1985 and 1986, respectively, held in a non-interest bearing account, which related to the payment of £85 million received for the disposal of the Wych Farm oil field interest and which was to be used to meet the tax liability and other costs arising from the disposal. The balance remaining after meeting these costs has been paid to the Secretary of State for Energy. Similar amounts (£84 million and £13 million) were included in creditors (amounts falling due within one year).

Other deposits with the National Loans Fund were for a period of 10 years, maturing at various dates in 1989 and 1990, with interest rates varying from 12.625% to 13.375%. The deposits, together with the accrued interest, were repaid to the Group on 23rd August, 1986.

## (10) Creditors (amounts falling due within one year)

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Bank loans and overdrafts	200	169	173	11	4
U.S.S. promissory notes (Note (11))	—	—	—	—	119
Trade creditors	287	336	541	669	596
Gas levy payable	140	194	199	203	198
Taxation and social security	217	266	179	297	409
Other creditors	27	32	33	42	49
Accruals and deferred income	143	199	237	207	181
	1,014	1,216	1,364	1,429	1,556

## (11) Creditors (amounts falling due after more than one year)

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
British Gas 3% Guaranteed Stock, 1990-95	214	214	214	214	214
U.S.S. promissory notes	124	119	121	119	—
Foreign loans	34	20	8	—	—
Other loan (secured)	—	13	10	7	3
	372	366	353	340	217

## Loans outstanding are repayable as follows:

Within one year	134	119	121	119	—
Between one and two years	14	15	11	4	3
Between two and five years	30	18	7	3	—
After five years	214	214	214	214	214
	372	366	353	340	217

The U.S.S. promissory notes matured within one year but, in years previous to the year ended 31st March, 1986, further notes were issued for the following year. These promissory notes were guaranteed by H.M. Treasury as to payment of interest and principal and were subject to special exchange cover arrangements whereby H.M. Treasury insured the Group against exchange rate fluctuations. Accordingly, the loans were stated in the balance sheets at the amount of their original sterling proceeds.

The U.S.S. promissory notes were repaid in June 1986 and the guarantees and exchange cover arrangements with H.M. Treasury were cancelled at that time.

On 24th August, 1986 the liability for the British Gas 3% Guaranteed Stock, 1990-95 was transferred to H.M. Treasury—see Note (20) for events subsequent to the balance sheet date.

## (12) Provisions for liabilities and charges

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Provision for site restoration costs	19	22	25	29	35

## (13) Deferred taxation

Timing differences are not expected to crystallise and therefore no provision has been required. The potential deferred taxation liabilities, computed at 35 per cent., are as follows:

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Accelerated capital allowances	1,047	1,239	1,592	1,772	1,854
Other timing differences	(19)	1	(6)	(9)	(16)
	1,028	1,240	1,586	1,763	1,838

## (14) Reserves

## a Current cost:

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
(i) Profit and loss account					
Current cost profit for the year	243	572	755	524	402
Balance at the start of the year	1,485	1,738	2,300	3,055	3,579
Balance at the end of the year	1,728	2,300	3,055	3,579	3,981
(ii) Current cost reserve					
Revaluation surplus for the year	708	958	555	161	1,103
Working capital adjustments	71	55	28	59	49
Balance at the start of the year	779	1,013	583	220	1,152
Balance at the end of the year	11,234	12,247	12,830	13,050	14,202
Total reserves	12,962	14,547	15,885	16,629	18,183

The revaluation surplus arises from the revaluation of tangible fixed assets and stocks from an historical cost to a current cost basis. No provision has been made for any tax liability which would arise if these assets were disposed of at their revalued amount. Working capital adjustments represent the effect of the cost of sales and monetary working capital current cost adjustments which are reflected in the profit and loss account.

## b Historical cost:

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
(i) Profit and loss account					
Historical cost profit for the year	556	875	1,031	804	720
Transfer to asset maintenance account	(313)	(303)	(276)	(280)	(318)
Balance at the start of the year	243	572	755	524	402
Balance at the end of the year	1,485	1,738	2,300	3,055	3,579
(ii) Asset maintenance account					
Transfer from profit and loss account	313	303	276	280	318
Balance at the start of the year	1,996	2,309	2,612	2,888	3,168
Balance at the end of the year	2,309	2,612	2,888	3,168	3,486
Total reserves	4,037	4,912	5,943	6,747	7,467

The purpose of the asset maintenance account is to identify the reserves retained within the business to maintain the asset base.

## (15) Subsidiaries

The principal subsidiaries are listed below. These companies are all wholly owned and, unless otherwise stated, are incorporated in Great Britain.

Gas Council (Exploration) Limited  
Hydrocarbons Great Britain Limited  
Hydrocarbons Ireland Limited (incorporated in the Republic of Ireland)

## (16) Changes in working capital

The changes in working capital arose as follows:

	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Stocks—increased/decreased	8	22	1	1	1
Debtors—increased/decreased	262	256	194	175	175
Cash at bank and in hand—increased/decreased	(41)	(47)	14	1	15
Creditors (amounts falling due within one year)—increased/decreased	52	(174)	(227)	(51)	(10)
Total increase/(decrease) in working capital	31	97	(242)	(75)	207

## (17) Borrowing facilities

At 31st March, 1986 the Group had available £1,420 million and £1,556 million in unused credit facilities from several financial institutions. Included in these facilities was a U.S.S.75 million standby credit facility, which in respect of the Group's U.S.S. commercial paper borrowings, on which commitment fees were payable on undrawn funds. This facility was terminated in June 1986 when the U.S.S. promissory notes were repaid. With respect to all other facilities, there are no commitment fees payable on undrawn funds.

## (18) Commitments and contingencies

## Capital expenditure

At 31st March, 1986 capital expenditure authorised and contracted for amounted to £117 million; capital expenditure authorised but not contracted for amounted to £229 million.

## Future well costs

Certain petroleum licences granted to the Group contained at 31st March, 1986 outstanding obligations to drill exploration wells, some of which were firm commitments and others contingent. The cost to the Group of drilling such wells was estimated at 31st March, 1986 to be about £57 million.

## Leasing

Commitments under finance leases amounted to £12 million at 31st March, 1986.

## (19) Pension arrangements

Pension schemes for staff and manual workers, which provide defined benefits by reference to final salary and are self-administered, are funded to cover future pension liabilities including expected pension increases. They are subject to a full independent actuarial valuation at least every three years on the basis of which the actuaries certify the rates of the employer's contributions which, together with contributions payable by the employees, are sufficient to maintain the solvency of the schemes.

The actuary carried out a full valuation of both pension schemes as at 1st April, 1985. On the basis of the assumptions made, the unfunded past service liability of the British Gas Staff Pension Scheme amounted to £141 million. Contributions in excess of the employer's basic contributions, amounting to £66 million, were made in the year ended 31st March, 1986 towards the unfunded past service liability and the balance will be funded during the year ending 31st March, 1987. On the basis of the assumptions made, the unfunded past service liability of the British Gas Corporation Pension Scheme amounted to £13 million and this was funded during the year ended 31st March, 1986.

## (20) Post balance sheet events

On 24th August, 1986 the property, rights and liabilities (other than the British Gas 3% Guaranteed Stock, 1990-95) of the British Gas Corporation vested in British Gas plc. Since its incorporation on 1st April, 1986 there have been major changes in the capital structure of British Gas plc. These changes are described, together with their effect, in Part B. Pro Forma Financial Information.

## (21) Summary statement of adjustments

The following statement summarises the adjustments made in previously published profit for the year in arriving at the amounts included in the consolidated current cost profit and loss accounts.

	Notes	1982	1983	1984	1985	1986
		£m	£m	£m	£m	£m
Current cost profit for the year, as previously published		144	68	491	524	402
Effect on depreciation of extending asset lives	(a)	151	156	181	—	—
Deferred tax provisions no longer required	(b)	6	(12)	182	—	—
Elimination of divested oil interests	(c)	(58)	(55)	(12)	—	—
Profit after taxation		—	265	3	—	—
Extraordinary losses on divestment		—	—	3	—	—
Current cost profit for the year, as stated in this report		243	572	755	524	402

## Notes:

- (a) The estimated useful lives of certain categories of fixed assets were extended in the year ended 31st March, 1985.
- (b) In the year ended 31st March, 1985, and following the change in asset lives noted in (a), the Group reviewed its method of calculating deferred taxation. On the new basis the timing differences were not expected to reverse within the foreseeable future. Accordingly, adjustment has been made above to release deferred taxation provided for the three years ended 31st March, 1984.
- (c) Pursuant to directions made under Acts of Parliament, the Group disposed of certain oil interests in 1983 and 1984 without compensation. Adjustment has been made above to eliminate the results of, and losses arising from the disposal of, these oil interests in order to set out in the financial information a consistent presentation of only the continuing activities of the Group.
- (d) Historical cost information was not included in the published financial statements for the four years ended 31st March, 1985. There are no adjustments to the published historical cost profit for the year ended 31st March, 1986.

## B. PRO FORMA FINANCIAL INFORMATION

## Introduction

On 1st April, 1986 British Gas plc was incorporated as a public limited company. The Gas Act 1986 provided for the vesting in British Gas plc of the property, rights and liabilities of the British Gas Corporation, other than the British Gas 3% Guaranteed Stock, 1990-95 amounting to £214 million, the liability for which was transferred to H.M. Treasury. The vesting took place on 24th August, 1986, although for accounting purposes it is deemed to have taken place on 1st April, 1986. Following the transfer, changes have been made to the capital structure of British Gas plc in respect of the capitalisation of part of reserves into ordinary share capital and the issue of an unsecured debenture in favour of H.M. Government.

We set out below pro forma financial information showing the results for the year ended 31st March, 1986 and the balance sheet at that date. The adjustments made to the results reflect the position as if the new capital structure had been in place throughout the year and the adjustments made to the balance sheet reflect the position as if the new capital structure had been in place immediately prior to the year end.

## Pro forma consolidated profit and loss accounts for the year ended 31st March, 1986

CCA				HCA		
Unad-	Adjust-	Pro		Unad-	Adjust-	Pro
justed	ments	forma		justed	ments	forma
£m	£m	£m	Notes	£m	£m	£m
688	—	688	Operating profits	1,006	—	1,006
94	(269)	(175)	Net interest receivable/ (payable)	(2)	94	(269)
—	46	46	Gearing adjustment	(5)	—	(175)
<u>T12</u>	<u>(229)</u>	<u>559</u>	Profit before taxation		<u>(110)</u>	<u>(269)</u>
<u>(380)</u>	<u>108</u>	<u>(272)</u>	Taxation	(4)	<u>(360)</u>	<u>108</u>
			Profit attributable to shareholders		<u>720</u>	<u>(161)</u>
<u>402</u>	<u>(115)</u>	<u>287</u>				<u>559</u>
			Pro forma earnings per Ordinary Share	(5)		
	<u>6.9p</u>					<u>13.5p</u>



## British Gas plc continued 11

## Pro forma consolidated balance sheets at 31st March, 1986

CCA			HCA		
Unad-	Adjust-	Pro	Unad-	Adjust-	Pro
justed	ments	forma	justed	ments	forma
£m	£m	£m	£m	£m	£m
16,765	—	16,765	6,050	—	6,050
3,226	—	3,226	3,225	—	3,225
(1,556)	(750)	(2,306)	(1,556)	(750)	(2,306)
1,670	(750)	920	1,669	(750)	919
18,435	(750)	17,685	7,719	(750)	6,969
(217)	(1,536)	(1,753)	(217)	(1,536)	(1,753)
(35)	—	(35)	(35)	—	(35)
18,183	(2,286)	15,897	7,467	(2,286)	5,181
—	1,038	1,038	—	1,038	1,038
18,183	(3,324)	14,859	7,467	(3,324)	4,143
18,183	(2,286)	15,897	7,467	(2,286)	5,181

## Notes to the pro forma financial information

## (1) Basis of preparation

The figures in the column headed "Unadjusted" have been extracted from the financial information for the year ended 31st March, 1986, presented in Part A above.

Since 31st March, 1986 the capital structure of the British Gas Corporation, and subsequently British Gas plc, has changed as follows:

- On 19th August, 1986 8,000,000 Ordinary Shares of £1 each and the Special Share were issued for cash at par to the Secretary of State, increasing the ordinary share capital of the Company to 8,050,000 Ordinary Shares of £1 each;
- On 24th August, 1986 the liability for the then outstanding £214 million of British Gas 3% Guaranteed Stock, 1990-95 was transferred to H.M. Treasury, which assumed liability for the service and redemption of the Stock from that date;
- On 24th August, 1986 the property, rights and liabilities of the British Gas Corporation, other than the indebtedness in (b) above, vested in British Gas plc;
- On 20th November, 1986 an unsecured debenture in the amount of £2,500 million was issued by British Gas plc to H.M. Treasury, for which no cash was received. The rates of interest and repayment dates are shown in Note (6) below; and
- On 20th November, 1986 the 8,050,000 Ordinary Shares of £1 each were subdivided into 32,200,000 Ordinary Shares of 25p each, 17,800,000 Ordinary Shares of 25p each were issued, credited as fully paid, to the Secretary of State, pursuant to a direction given by him under section 51 of the 1986 Gas Act and, conditionally on the whole of the ordinary share capital, issued and to be issued, being admitted to the Official List by The Stock Exchange not later than 31st December, 1986, a further 4,100,000,000 Ordinary Shares of 25p each were allotted, credited as fully paid, to the Secretary of State by way of capitalisation of part of the sum standing to the credit of the Company's reserves.

In addition, as discussed in Note (3) below, a gearing adjustment has been included in the pro forma current cost financial information.

## (2) Net interest receivable/(payable)

The adjustments to the previously reported amount are as follows:

	£m
Elimination of interest payable in respect of British Gas 3% Guaranteed Stock, 1990-95	6
Interest payable on unsecured debenture (Note (6))	(275)
	(269)

The interest charge eliminated above was the amount actually charged to profit and loss account in the year ended 31st March, 1986 in respect of the British Gas 3% Guaranteed Stock, 1990-95.

## (3) Gearing adjustment

It is the intention of the Directors to prepare the accounts of British Gas plc under the current cost convention, in accordance with Statement of Standard Accounting Practice Number 16 ("SSAP 16"). Under this convention, provision is made in current cost accounts to allow for the effect of price changes on the funds needed to maintain the net operating assets. These current cost adjustments comprise supplementary depreciation and working capital adjustments. A proportion of the net operating assets of British Gas plc under its revised capital structure is financed by borrowings; the gearing adjustment, which is required by SSAP 16, reduces the effect of these current cost adjustments to allow for the benefit to shareholders of financing the business partly by borrowings. The adjustment is based on the ratio of average net borrowings to the total of average shareholders' funds and average net borrowings. For this purpose, net borrowings comprise not only indebtedness but also all other monetary liabilities and provisions except those included in the monetary working capital adjustment, less investments and other current assets, other than those included in the cost of sales and monetary working capital adjustments.

SSAP 16 requires that nationalised industries, in view of the special nature of their capital structure, should not make a gearing adjustment in their profit and loss accounts. Accordingly a gearing adjustment is not included in the financial information in Part A since that information relates to the Corporation and its subsidiaries.

## (4) Taxation

The adjustment to taxation comprises the tax relief on the adjustment to net interest receivable/(payable) outlined in Note (2). As with the other current cost adjustments, the gearing adjustment is not subject to taxation.

## (5) Pro forma earnings per Ordinary Share

The pro forma earnings per Ordinary Share have been calculated by dividing the pro forma profit for the year attributable to shareholders of £287 million and £359 million on a current cost and an historical cost basis respectively by the 4,150 million Ordinary Shares in issue and to be issued (see Note (8)).

## (6) Unsecured debenture

The repayment dates and interest rates attaching to the unsecured debenture are as follows:

Interest rate %	Assumed date of maturity 31st March*	Amount £m
10½	1987	750
11	1988	250
11½	1989	400
11½	1990	400
11½	1991	350
11½	1992	350
		2,500
		750
		1,750
		2,500

\*The date of repayment of instalments of the unsecured debenture will be between 20th March and 30th April in each year, at the option of H.M. Government. For the purposes of the pro forma financial information, it is assumed that repayment occurs on 31st March each year, commencing with the first instalment on 31st March, 1987.

## (7) Creditors (amounts falling due after more than one year)

The adjustments to the previously reported amounts are as follows:

	£m
Elimination of British Gas 3% Guaranteed Stock, 1990-95	(214)
Unsecured debenture (Note (6))	1,750
	1,536

## (8) Share capital

If the Offer for Sale becomes effective, the ordinary share capital of British Gas plc will be as follows:

	£1,375 million
Authorised	
5,500 million Ordinary Shares of 25p each	
Issued and fully paid or credited as fully paid	
4,150 million Ordinary Shares of 25p each	£1,037.5 million
One Special Rights Redeemable Preference Share of £1 has been issued to H.M. Government, credited as fully paid.	

## (9) Reserves

CCA		HCA	
Current cost reserve £m	Profit and loss account £m	Profit and loss account £m	Asset maintenance account £m
14,202	3,981	3,981	3,486
	As reported at 31st March, 1986		
	Transfer of liability for the British Gas 3% Guaranteed Stock, 1990-95		
	214	214	
	Issue of unsecured debentures and ordinary share capital		
	(3,538)	(3,538)	
14,202	657	657	3,486
14,859		4,143	

Yours faithfully,  
PRICE WATERHOUSE  
Chartered Accountants

## SECTION V

## INFORMATION RELATING TO THE PROFIT FORECAST

## 1. Assumptions underlying the profit forecast

The profit forecast set out in Part E of Section I includes results shown by the unaudited financial statements for the three months ended 30th June, 1986 and the unaudited management accounts for the thirteen weeks ended 28th September, 1986.

The profit forecast is made on the basis of the following principal assumptions for the remainder of the year ending 31st March, 1987:

- seasonal normal temperatures will prevail;
  - there will be no significant variation in the current selling prices in the United Kingdom of heavy fuel oil and gas oil; and
  - there will be no significant variation in the sterling exchange rate against those currencies which affect the cost of gas under the Frigg contracts.
- In addition, the following general assumptions for the remainder of the year ending 31st March, 1987 have been made:
- there will be no major interruption in the supplies of gas to British Gas or major damage to its pipelines or other facilities;
  - there will be no industrial disputes or political or other disturbances which would materially affect the operations of British Gas;
  - there will be no significant changes in the currently prevailing economic conditions in the United Kingdom;
  - there will be no change in United Kingdom legislation or regulations and no actions by the Director General which will have an unexpected effect on the business of British Gas; and
  - there will be no material change in the current basis or rates of United Kingdom taxation.

## 2. Letters

The following letters relate to the profit forecast for the year ending 31st March, 1987.

## (a) Letter from Price Waterhouse

The Directors,  
British Gas plc,  
Rivermill House,  
152 Grosvenor Road,  
London SW1V 3JL

21st November, 1986

Gentlemen,

We have reviewed the accounting policies and calculations for the profit forecast of British Gas plc for the year ending 31st March, 1987 set out in Part E of Section I of the Offer for Sale document dated 21st November, 1986. The forecast, for which the Directors are solely responsible, includes the results shown by the unaudited financial statements for the three months ended 30th June, 1986 included in Section V of the Offer for Sale document and the unaudited management accounts for the thirteen weeks ended 28th September, 1986.

In our opinion the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors set out in Section V of the Offer for Sale document and is presented on a basis consistent with the accounting policies previously adopted by British Gas Corporation and now adopted by British Gas plc.

Yours faithfully,  
PRICE WATERHOUSE  
Chartered Accountants

## (b) Joint letter from N M Rothschild &amp; Sons Limited and Kleinwort Benson Limited

The Directors,  
British Gas plc,  
Rivermill House,  
152 Grosvenor Road,  
London SW1V 3JL

21st November, 1986

Gentlemen,

We refer to the profit forecast for the year ending 31st March, 1987, which is set out in Part E of Section I of the Offer for Sale document dated 21st November, 1986.

We have discussed the forecast, together with the bases and assumptions upon which the forecast is made, with officials of the Company and with Price Waterhouse. We have also considered the letter dated 21st November, 1986, addressed to yourselves by Price Waterhouse, regarding the accounting policies and calculations underlying the forecast.

On the basis of the foregoing, we consider that the forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours very truly,  
For and on behalf of  
N M Rothschild & Sons Limited  
Michael Richardson  
Anthony Alt  
Directors

Yours faithfully,  
For Kleinwort Benson Limited  
Rockley  
David Clement  
Directors

## 3. Supplementary unaudited financial information for the three months ended 30th June, 1985 and 1986

Set out below are the unaudited consolidated results for the three months ended 30th June, 1985 and 1986:

CCA		HCA	
Three months ended 30th June 1985	1986	Three months ended 30th June 1985	1986
£m	£m	£m	£m
1,537	1,549	1,537	1,549
(991)	(852)	(976)	(880)
546	697	561	669
(398)	(406)	(341)	(349)
(152)	(155)	(141)	(145)
(4)	136	79	175
20	30	20	30
16	166	99	205
(34)	(72)	(34)	(72)
(18)	94	65	133

Set out below are the unaudited consolidated balance sheets at 30th June, 1985 and 1986:

CCA		HCA	
At 30th June 1985	1986	At 30th June 1985	1986
£m	£m	£m	£m
15,847	16,670	5,762	6,100
198	188	197	187
1,306	1,389	1,306	1,389
1,025	1,342	1,025	1,342
13	9	13	9
2,542	2,928	2,541	2,927
(1,121)	(1,174)	(1,121)	(1,174)
1,421	1,754	1,420	1,753
17,268	18,424	7,182	7,853
(340)	(217)	(340)	(217)
(30)	(36)	(30)	(36)
16,898	18,171	6,812	7,600
16,898	18,171	6,812	7,600

## Commentary

The unaudited results for the three months ended 30th June, 1985 and 1986 set out above show that profit before taxation increased by £150 million on a CCA basis and by £106 million on an HCA basis.

The increase in profit was mainly attributable to a lower cost per therm of gas purchased and to higher sales in the domestic and commercial markets, largely caused by colder weather. The lower cost of gas primarily resulted from reductions in gas supplies from Frigg (following industrial action at the field), which were temporarily replaced by supplies mainly from the lower cost Early Southern Basin Fields, and from the effect of more favourable exchange rates. These lower gas costs also affected the current cost working capital adjustments, contributing £43 million to the improvement in CCA profit before taxation. There was an appreciable reduction in turnover in the industrial market but turnover overall was slightly higher than for the same period in the previous year.

The results for the first quarter cannot be regarded as a guide to the year's results as a whole.

## SECTION VI

## PETROLEUM CONSULTANTS' REPORT

The following is the text of a report from ERC Energy Resource Consultants Limited, reporting petroleum consultants:

15 Welbeck Street  
London W1M 7PF  
21st November, 1986

The Secretary of State for Energy  
The Directors, British Gas plc  
The Directors, N M Rothschild & Sons Limited

Dear Sirs,

We have reviewed the petroleum exploration and production interests of British Gas plc ("British Gas") as at 1st November, 1986 in connection with the offer for sale of Ordinary Shares in British Gas dated 21st November, 1986.

## 1 Professional qualifications

ERC Energy Resource Consultants Limited ("ERC") is an independent consultancy, specialising in petroleum reservoir evaluation. Except for the provision of professional services on a fee basis, ERC has no commercial arrangement with any person or company involved in the offer for sale.

## 2 Introduction

We have relied solely on information made available to us by British Gas which comprised details of its licence interests, basic exploration and engineering data, interpreted data, technical reports, development plans and reviews of the performance of producing fields.

In estimating petroleum in place and recoverable petroleum we have used the standard techniques of petroleum evaluation. There is uncertainty inherent in the measurement and interpretation of basic data. We have estimated the degree of this uncertainty and have used statistical methods to calculate the range of petroleum initially in place or recoverable.

## 3 Definitions

"Proven", in relation to quantities of petroleum, means the amount thereof which geophysical, geological and engineering data indicate to be in place or recoverable (as the case may be) to a high degree of certainty. For the purposes of this definition, there is a 90 per cent. chance that the actual quantity will be more than the amount estimated as Proven and a 10 per cent. chance that it will be less.

"Probable", in relation to quantities of petroleum, means the amount thereof which geophysical, geological and engineering data indicate to be in place or recoverable (as the case may be) but with a greater element of risk than in the case of Proven. For the purposes of this definition, there is a 50 per cent. chance that the actual quantity will be more than the amount estimated as Proven + Probable and a 50 per cent. chance that it will be less.

"Possible", in relation to quantities of petroleum, means the amount thereof which geophysical, geological and engineering data indicate to be in place or recoverable (as the case may be) but to which a substantial element of risk must be attached. For the purposes of this definition, there is a 10 per cent. chance that the actual quantity will be more than the amount estimated as Proven + Probable + Possible and a 90 per cent. chance that it will be less.

"Commercial Reserves" are those quantities of petroleum which we consider, on the basis of information currently available and present economic conditions, to be commercially recoverable by present producing methods from fields currently in production or with government approval for development.

"Potentially Commercial Reserves" are those quantities of petroleum which we consider, on the basis of information currently available and present economic conditions, to be commercially recoverable by present producing methods from discoveries for which no firm development plan exists.

"Technical Reserves" are those quantities of petroleum which we consider, on the basis of information currently available and present economic conditions, to be recoverable by present producing methods, so that production of such reserves would be expected to cover operating costs at all times but would not necessarily provide a commercial return on development costs.

(For the purposes of the last three definitions above, present producing methods are limited to primary depletion or secondary recovery by water or gas injection and do not include enhanced petroleum recovery techniques.)

"bbl"	means barrel(s).
"sth"	means stock tank barrel(s) measured at 14.7 pounds per square inch and 60 degrees Fahrenheit.
"scf"	means standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit.
"M", "MM", "B"	mean thousands, millions and thousands of millions respectively.
"condensate"	means liquid hydrocarbons which are sometimes produced with natural gas and liquids derived from natural gas.
"ultimate"	when stating reserves of petroleum, means the total amount of petroleum that would be produced from the start of production to the end of commercial production.
"remaining"	when stating reserves of petroleum, means the total amount of petroleum which is expected to be produced from the reference date (30th June, 1986 in this report) to the end of commercial production.

In this report gas, condensate and oil Commercial and Potentially Commercial Reserves and production forecasts are confined to those quantities which are estimated to be available for sale. Technical Reserves are stated after appropriate deductions for fuel consumption.

## 4 Commercial fields

The following table sets out our estimates of total petroleum initially in place and total ultimate and remaining Commercial Reserves at 30th June, 1986 by field and in aggregate and our estimates of remaining Commercial Reserves attributable to British Gas by field and in aggregate, on the basis of its percentage interests (shown to two decimal places) at 30th June, 1986.



## PETROLEUM IN PLACE AND ULTIMATE AND REMAINING COMMERCIAL RESERVES

	SOUTH MORECAMBE		LEMAN (ELU)		INDEFATIGABLE (A/GC GROUP)		Rough field		TOTAL		ONSHORE OIL FIELDS
	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Oil (MMbbl)
Petroleum initially in place	4,590	—	6,690	—	2,700	—	327	—	14,307	—	42.34
Proven	3,410	—	7,350	—	2,930	—	389	—	16,069	—	53.86
Proven+Probable	6,360	—	7,940	—	3,160	—	438	—	17,898	—	75.08
Proven+Probable+Possible	—	—	—	—	—	—	—	—	—	—	—
Ultimate Commercial Reserves	3,647	10.94	5,265	3.88	2,584	5.43	297	2.15	11,793	22.40	11.39
Proven	4,371	17.48	5,784	4.24	2,795	5.82	354	2.46	13,304	30.00	13.38
Proven+Probable	5,215	26.08	6,248	4.57	3,025	6.35	400	2.71	14,888	39.61	18.43
Proven+Probable+Possible	—	—	—	—	—	—	—	—	—	—	—
Production to 30th June, 1986	20	0.08	3,961	2.95	1,795	3.95	156	1.37	5,932	8.35	0.66
Remaining Commercial Reserves	3,627	10.86	1,304	0.93	789	1.48	141	0.78	5,861	14.05	7.63
Proven	4,351	17.40	5,728	4.24	2,795	5.82	354	2.46	13,304	30.00	13.38
Proven+Probable	5,195	26.00	6,237	4.57	3,025	6.35	400	2.71	14,888	39.61	18.43
Proven+Probable+Possible	—	—	—	—	—	—	—	—	—	—	—
British Gas interest (%)	100	—	28.98	—	30.77	—	100	—	—	—	various
Remaining Commercial Reserves attributable to British Gas	3,627	10.86	378	0.27	243	0.46	141	0.78	4,389	12.37	3.81
Proven	4,351	17.40	528	0.37	308	0.58	198	1.09	5,385	19.44	6.35
Proven+Probable	5,195	26.00	663	0.47	378	0.71	244	1.34	6,480	28.52	8.86
Proven+Probable+Possible	—	—	—	—	—	—	—	—	—	—	—

(1) Amounts stated are those attributable to the East Leman Unit ("ELU") and the Amoco/Gas Council Group ("A/GC group") only, as explained below.  
(2) Production for Rough is to the date of commencement of injection into the field on 14th July, 1985.  
(3) Welton, Nettleham and Farleys Wood.

## 4.1 The South Morecambe field

The South Morecambe field is a faulted anticline. The reservoir contains a dry gas entirely underlain by water and comprises the Triassic Sherwood Sandstone Group, which is several thousand feet thick. Porosities are moderate to good. Primary permeabilities are generally high but the presence of illite severely reduces permeability in approximately 40 per cent. of the reservoir. The field is to be developed in two stages. At present Stage 1 is under way. By 30th June, 1986 the central processing platform and three drilling platforms had been installed and 11 development wells had been drilled. First production occurred in January 1985.

## 4.2 The Leman field (ELU)

The Leman field is a large faulted anticline. The reservoir contains dry gas in Lower Permian Rotliegendes sandstones, which vary in thickness between 550 and 930 feet. Porosities are moderate to good; permeabilities are poor to moderate. British Gas has an interest in Block 49/27 which is a part of the ELU. The ELU covers that part of the field underlying Blocks 49/27, 49/28, 53/1a and 53/2. A total of 91 development wells had been drilled in the ELU area from nine platforms by 30th June, 1986. The field is now producing at declining rates. The reserve estimates other than at the Proven level are based on the assumption that additional compression facilities will be installed in the field.

## 4.3 The Indefatigable field (A/GC group)

The Indefatigable field is a heavily faulted anticline. The reservoir contains a dry gas in Lower Permian Rotliegendes sandstones, which vary in thickness from 50 to 420 feet. Two satellite structures are also included within the field area. Porosities are moderate to good; permeabilities are poor to good. British Gas is a member of the A/GC group which has interests in the western area of the field, in which a total of 32 development wells had been drilled from three platforms by 30th June, 1986. The field is still producing at plateau production rates. The reserve estimates other than at the Proven level are based on the assumption that six additional development wells will be drilled.

## 4.4 The Rough field

The Rough field is a fault bounded anticline. The reservoir contains a dry gas in Lower Permian Rotliegendes sandstones, which vary in thickness from 80 to 117 feet. Porosities are moderate; permeabilities are moderate to good. In 1980 British Gas purchased its co-venturers' interests in the field in order to use it for gas storage. Injection first began in July 1985 by which time a total of 156 Bcf or about 44 per cent. of the ultimate recovery had been produced. Since that date, production from the field has been restricted to peak demand periods only. Net injection from July 1985 to 30th June, 1986 was 11.3 Bcf.

## 4.5 The Welton, Nettleham and Farleys Wood fields

These oil fields are situated in the East Midlands. The Welton reservoir comprises up to 250 feet of Carboniferous fluvial sandstone and shales with discontinuous secondary reservoirs. The structure is fault bounded to the east and dip closed elsewhere. Reservoir characteristics are good in the south of the field where oil flows naturally, but only moderate in the north where oil has to be pumped. All 18 development wells have been drilled. The Nettleham field is a dip closed structure situated southwest of the Welton field and has the same, good quality reservoir sands and similar light oil. The field will be developed by one well connected to Welton. The Farleys Wood field is situated immediately north of the mature Eakring oil field. The Carboniferous reservoir sands are of moderate quality and a light oil is pumped from two wells.

## 4.6 Forecast production

The following table summarises our forecasts of production of gas, condensate and oil attributable to British Gas by field and in aggregate on the basis of its percentage interests at the Proven + Probable level. The forecasts for gas are based on assumed delivery patterns and for the South Morecambe field in particular, these may vary significantly according to the severity of the weather during the periods of peak demand. The Rough field has been excluded from the table because only production of injected gas is expected in the foreseeable future.

## FORECAST PRODUCTION ATTRIBUTABLE TO BRITISH GAS

	SOUTH MORECAMBE		LEMAN (ELU)		INDEFATIGABLE (A/GC GROUP)		TOTAL		ONSHORE OIL FIELDS
Year	Gas (Bcf/yr)	Condensate (MMbbl/yr)	Gas (Bcf/yr)	Condensate (MMbbl/yr)	Gas (Bcf/yr)	Condensate (MMbbl/yr)	Gas (Bcf/yr)	Condensate (MMbbl/yr)	Oil (MMbbl/yr)
1985/86 <sup>(1)</sup>	18 (-)	72 (-)	54 (7)	38 (5)	37 (3)	69 (6)	109 (10)	179 (11)	207 (79)
1986/87	31	124	53	37	36	67	120	228	519
1987/88	71	284	50	35	34	63	155	382	905
1988/89	69	276	43	30	28	52	140	358	492
1989/90	88	352	42	30	38	71	168	453	483
1990/91	88	352	35	25	31	59	154	436	473
1991/92	131	524	38	27	28	52	197	603	466
1992/93	131	524	32	23	22	42	185	589	463
1993/94	131	524	28	20	18	34	177	578	443
1994/95	131	524	25	18	15	29	171	571	388
Average for the years 1995/96 to 1999/2000	184	735	18	13	9	16	211	764	240
Average for the years 2000/01 to 2004/05	253	1,013	10	7	2	4	265	1,024	122
Average for the years 2005/06 to 2009/10	153	610	7	5	—	—	159	615	45
Average for the years 2010/11 to 2014/15	66	262	—	—	—	—	66	262	—
Average for the years 2015/16 to 2019/20	33	132	—	—	—	—	33	132	—
Average for the years 2020/21 and 2021/22	20	80	—	—	—	—	20	80	—

(1) Annual rates (appropriately rounded) of production are given for contract years, from 1st October to 30th September.  
(2) The figures in brackets represent production from 1st July to 30th September, 1986.

## 5 Potentially Commercial petroleum discoveries

We have identified ten petroleum discoveries in which British Gas has interests and where drilling has demonstrated the existence of Potentially Commercial Reserves. Seven are dry gas discoveries on the UKCS and three are conventional oil discoveries in the East Midlands.

The following table sets out in aggregate our estimates of total petroleum initially in place and total Potentially Commercial Reserves at 30th June, 1986 and our estimates of the total Potentially Commercial Reserves attributable to British Gas on the basis of its percentage interests at 30th June, 1986.

## POTENTIALLY COMMERCIAL RESERVES

	Proven	Proven+Probable	Proven+Probable+Possible
Total petroleum initially in place			
Gas	(Bcf)	2,378	3,050
Oil	(MMbbl)	2.10	5.24
Total Potentially Commercial Reserves			
Gas	(Bcf)	1,703	2,213
Condensate	(MMbbl)	6.98	10.43
Oil	(MMbbl)	0.42	1.07
Total Potentially Commercial Reserves attributable to British Gas			
Gas	(Bcf)	1,174	1,466
Condensate	(MMbbl)	3.48	5.54
Oil	(MMbbl)	0.18	0.48

## 5.1 Dry gas discoveries

The wholly-owned North Morecambe reservoir in Block 110/2a contains a dry gas in sandstones and shales of the Triassic Sherwood Sandstone Group. The structure is separated from the South Morecambe field by a graben structure and is about a quarter of its size. Closure is completed to the east, north and west by faulting and dip. Primary permeabilities are generally high but the presence of platy illite severely reduces permeability in approximately 45 per cent. of the reservoir.

There are also four dry gas discoveries in Rotliegendes sandstones in the Southern Basin of the North Sea. One discovery comprises extensions to the Apethyst structure into Blocks 47/8a, 47/9a and 47/15a, where the reservoir is in thin, variable quality sandstones. The remaining three discoveries are situated in Block 49/29, where good quality sandstones have been discovered in two separate, small, fault and dip closed structures and also in the Welland discovery, which extends into the block.

In addition there are two dry gas discoveries in the Irish Sea in the Triassic Sherwood Sandstone Group: a domal structure in Block 113/26, where the reservoir comprises sandstones and shales and is affected by platy illite which reduces primary permeability, and a domal structure, fault bounded to the east and west, in Block 110/7a which has been penetrated by two wells and where the reservoir comprises sandstones and shales and permeability is high.

## 5.2 Oil discoveries

British Gas has interests of 25 to 50 per cent. in three small oil accumulations in the East Midlands.

## 6 Other petroleum discoveries

Of the petroleum discoveries in which British Gas has interests, we have identified 14 which we consider contain Technical Reserves. Nine are dry gas discoveries, of which two are in Great Britain, six are on the UKCS and one is offshore the Republic of Ireland. Four are gas condensate discoveries on the UKCS and one is a conventional oil discovery in the East Midlands.

The following table sets out in aggregate our estimates of total petroleum initially in place and total Technical Reserves at 30th June, 1986 and our estimates of the total Technical Reserves attributable to British Gas on the basis of its percentage interests at 30th June, 1986.

## TECHNICAL RESERVES

	Proven	Proven+Probable	Proven+Probable+Possible
Total petroleum initially in place			
Gas	(Bcf)	1,697	3,056
Oil	(MMbbl)	5.30	7.20
Total Technical Reserves			
Gas	(Bcf)	1,033	1,914
Oil and condensate	(MMbbl)	61.73	106.83
Total Technical Reserves attributable to British Gas			
Gas	(Bcf)	427	802
Oil and condensate	(MMbbl)	24.63	43.70

## 7 Undrilled prospects

We have reviewed all the undrilled potentially petroleum bearing structures proposed to us by British Gas and, as a result, we have identified 22 undrilled prospects which, on the basis of geological and geophysical interpretations, we consider warrant drilling, as they potentially contain sufficient petroleum to justify development under present economic conditions.

We have identified one undrilled prospect in the Northern North Sea, seven in the Southern Basin of the North Sea, one in the English Channel, three in the Irish Sea, three offshore the Republic of Ireland and seven in Great Britain.

Yours faithfully  
ERC ENERGY RESOURCE CONSULTANTS LIMITED  
D C Wilson  
Technical Director

## SECTION VII

## STATUTORY AND GENERAL INFORMATION

## A. INCORPORATION AND VESTING

The Company was incorporated in England and Wales on 1st April, 1986 under the Companies Act 1985 as a public limited company with registered number 2006000. On 31st July, 1986 a certificate to do business was granted to the Company under section 117 of that Act. On 24th August, 1986 the property, rights and liabilities of the Corporation (other than rights and liabilities in respect of British Gas Stock referred to below) vested in the Company under the Gas Act.

## B. SHARE AND LOAN CAPITAL

## 1. Share capital

The Company's authorised share capital on incorporation was £50,000, divided into 50,000 shares of £1 each, of which two were subscribed at par by nominees of the Secretary of State. The remainder were issued to the Secretary of State for cash at par on 25th July, 1986.

On 19th August, 1986 the authorised share capital of the Company was increased to £8,050,001 by the creation of 8,000,000 ordinary shares of £1 each and the Special Share, all of which were issued for cash at par on that date to the Secretary of State.

On 20th November, 1986:

- the 8,050,000 ordinary shares of £1 each were subdivided into 32,200,000 Ordinary Shares of 25p each;
- the authorised share capital of the Company was increased to £12,500,001 by the creation of 17,800,000 additional Ordinary Shares and the Directors were authorised and empowered, in accordance with the Companies Act 1985, to allot such Ordinary Shares to the Secretary of State;
- 17,800,000 Ordinary Shares were issued, credited as fully paid, to the Secretary of State pursuant to a direction given by him under section 51 of the Gas Act;

and, conditionally on the whole of the ordinary share capital, issued and to be issued, being admitted to the Official List by The Stock Exchange not later than 31st December, 1986:

- the authorised share capital of the Company was further increased to £1,375,000,001 by the creation of 5,450,000,000 additional Ordinary Shares;
- the Directors were generally authorised, in accordance with section 80 of the Companies Act 1985, to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £1,362,500,000, such authority to expire on 19th November, 1991;
- the Directors were given power, pursuant to section 95 of the Companies Act 1985, to allot equity securities (as defined in section 94 of that Act) for cash, pursuant to the authority referred to in sub-paragraph (c) above, as if section 89(1) of that Act did not apply to the allotment, but the power was limited:
  - to the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares (subject to such exclusions as the Directors may deem necessary to deal with problems arising in any overseas territory or in connection with fractional entitlements or otherwise howsoever);
  - to the allotment (otherwise than pursuant to (i) above) of equity securities up to an aggregate nominal value of £68,750,000;

and, in the case of (ii) above, the power was expressed to expire on the date of the first annual general meeting to be held after 31st December, 1986; and

- 4,100,000,000 Ordinary Shares were allotted, credited as fully paid, to the Secretary of State by way of capitalisation of part of the sum standing to the credit of the Company's reserves.

## 2. Loan capital

On 26th August, 1986, pursuant to a direction given by the Secretary of State under section 51 of the Gas Act, the Company issued a debenture to the Secretary of State acknowledging indebtedness in the principal amount of £8 million, repayable on 31st December, 1986 or, if earlier, on demand. The amount outstanding under this debenture was repaid on 27th August, 1986.

On 20th November, 1986, pursuant to a further direction given by the Secretary of State under section 51 of the Gas Act, the Company issued a debenture to H.M. Treasury acknowledging indebtedness in the principal amount of £2,500 million (the "Debt"). The Debt is repayable in tranches in each of the six successive years commencing with 1987, on a repayment date or dates between 20th March and 20th April. The first tranche is to be of £750 million; the second of £250 million; the third and fourth of £400 million each; and the fifth and sixth of £350 million each. The Debt is not repayable. From 8th December, 1986, interest accrues on the tranches of the Debt at rates ranging from 10½ per cent. per annum to 11½ per cent. per annum and is payable in arrears at six-monthly intervals or on repayment of the relevant tranche.

## 3. British Gas 3% Guaranteed Stock, 1990-95

Under section 50 of the Gas Act, on 24th August, 1986 all the rights and liabilities to which the Corporation was entitled or subject immediately before that date: under the terms of issue of the British Gas 3% Guaranteed Stock, 1990-95 issued in H.M. Treasury and accordingly were excluded from the property, rights and liabilities of the Corporation which vested in the Company. The Stock was renamed "Exchequer Gas Stock, 1990-95". The principal amount of British Gas Stock outstanding at the time of vesting was approximately £214 million.

## C. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of the Company indicates that the Company's principal objects are to succeed to the property, rights and liabilities of the Corporation, to carry on, expand and extend the businesses of the Corporation and to carry on energy-related activities. The objects of the Company are set out in full in clause 4 of its Memorandum of Association.

On 20th November, 1986 new Articles of Association were adopted by the Company conditionally on the whole of the ordinary share capital, issued and to be issued, being admitted to the Official List by The Stock Exchange not later than 31st December, 1986. The effect of certain provisions of these Articles is summarised in paragraphs 1 to 6 below.

## 1. Special Share

The Special Share may only be held by or transferred to the Secretary of State, another Minister of the Crown, the Treasury Solicitor or any other person acting on behalf of the Crown. The registered holder for the time being of the Special Share (the "Special Shareholder") may, after consulting the Company, require the Company to redeem the Special Share at par at any time.

The Special Shareholder is entitled to receive notice of, and to attend and speak at, any general meeting or any meeting of any class of shareholders, but not to vote at such a meeting. The Special Share confers no right to participate in the capital or profits of the Company, except that on a winding-up the Special Shareholder is entitled to repayment of £1 in priority to other shareholders. However, each of the following matters is deemed to be a variation of the rights attaching to the Special Share and is only effective with the consent in writing of the Special Shareholder:

- the amendment, removal or alteration of the effect of certain definitions (relating primarily to the Special Share) in the Articles, of the Special Share Article, or of the limitation on shareholdings (referred to in paragraph 3 below);
- the creation or issue of any shares with voting rights, not being (i) shares comprised in the relevant share capital (as defined in section 198(2) of the Companies Act 1985) of the Company or (ii) shares which do not constitute equity share capital and which, when aggregated with all other such shares, carry the right to cast less than 15 per cent. of the votes capable of being cast on a poll at any general meeting; or
- the variation of any voting rights attached to any shares.

## 2. Ordinary Shares

## (a) Dividends

The holders of Ordinary Shares are entitled to the profits of the Company available for dividend and resolved to be distributed, in proportion to the number of Ordinary Shares held by them and the amounts paid up on the shares.

## (b) Return of capital

On a winding-up, the balance of the assets available for distribution, after deduction of any provision made under section 719 of the Companies Act 1985 and repayment of the amount paid up on the Special Share and subject to any special rights attached to any other class of shares, shall be applied in repaying to the holders of Ordinary Shares the amounts paid up on those shares, and any surplus assets will belong to the holders of Ordinary Shares in proportion to the numbers of shares held by them and the amounts paid up on the shares.

## (c) Voting

Subject to the restrictions referred to in "Restrictions on Voting" below, on a show of hands every holder of Ordinary Shares who is present in person at any general meeting shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for every share of which he is the holder.

## 3. Limitation on shareholdings

The limitation on interests in voting shares of the Company, set out in Article 40 of the Articles of Association, is described briefly below.

- For the purpose of these provisions, the expression "interest" is widely defined. It generally follows, but is more extensive than, the definition used in deciding whether a notification to the Company would be required under Part VI of the Companies Act 1985 and will generally include the interest of a holder of an Interim Certificate. Any person who has an interest in voting shares of five per cent. or more is required to notify the Company of that interest and is otherwise obliged to give notices in relation to interests in voting shares as currently provided in Part VI of the Companies Act 1985.
- If any person has, or appears to the Directors to have, an interest in shares which carry 15 per cent. or more of the total votes attaching to the relevant share capital (as defined in section 198(2) of the Companies Act 1985) of the Company or is deemed to have such an interest (in a case where the Directors resolve that they are unable to ascertain the position), the Directors shall give notice to all persons (other than persons referred to in (e) below) who appear to them to have interests in the shares concerned and, if different, to the registered holder(s). The notice will set out the restrictions referred to below and will call for the interest concerned to be reduced to less than 15 per cent. by disposal of shares within 21 days of the notice being given to the registered holder(s) (or such longer period as the Directors consider reasonable). No transfer of the shares to which the interest relates may then be made except for the purpose of reducing the interest to less than 15 per cent.
- If such a notice is given and is not complied with in all respects to the satisfaction of the Directors and has not been withdrawn, the Directors shall themselves effect such a disposal on such terms as they may determine, based upon advice obtained by them for the purpose.
- A registered holder to whom such a notice has been given is not, until the notice has been withdrawn or complied with to the satisfaction of the Directors, entitled in respect of any of his shares to which the interest concerned relates to attend or vote at any general meeting of the Company or meeting of the holders of voting shares, and those rights will vest in the chairman of any such meeting, who may exercise them entirely at his discretion.
- The Directors are not obliged to give notice to any person if they do not know either his identity or his address. The absence of a notice in such a case and any accidental error in or failure to give any notice to any person to whom notice is required to be given will not prevent the implementation of, or invalidate any procedure under, the relevant Article.
- Any resolution or determination of, or decision or exercise of any discretion or power by, the Directors shall be conclusive and binding on all persons concerned and shall not be open to challenge.
- The Secretary of State is not subject to these restrictions (although he will be subject to the target investment limit referred to in paragraph 7 of Part N of this Section) and there are other limited exemptions relating principally to holdings of a trustee or fiduciary nature.

## 4. General

## (a) Restrictions on voting

- A member shall not, unless the Directors otherwise



## British Gas plc continued 13

(c) **Variation of rights**  
Subject to the provisions of the Companies Act 1985, the rights attached to any class of shares may be varied in such manner as may be provided by those rights or with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. Unless otherwise expressly provided by the rights attached to any class of shares, those rights are deemed to be varied by the reduction of capital paid up on those shares and by the creation or issue of further shares ranking in priority to them for payment of a dividend or repayment of capital or which confer on the holders voting rights more favourable than those conferred by the first-mentioned shares, but are deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them.

(d) **Transfer of shares**  
Ordinary Shares may be transferred by an instrument in any usual form or in any other form approved by the Directors. The Directors may refuse to register a transfer if it is (i) of Ordinary Shares which are not fully paid, (ii) not stamped and duly presented for registration together with the share certificate and such other evidence of title as the Directors reasonably require, (iii) in respect of more than one class of share, (iv) in favour of more than four transferees or (v) made in the circumstances referred to in paragraph 3(b) above.

(e) **Alteration of capital**  
The Company may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, subdivide all or any of its shares into shares of smaller amount, and cancel any shares not taken or agreed to be taken by any person. The Company may, subject to the provisions of the Companies Act 1985, by special resolution, reduce its share capital, any capital redemption reserve and any share premium account.

## 5. Directors

(a) Each Director shall be paid a fee for his services as a Director of such an amount as the Directors may determine, not exceeding £25,000 per annum or such larger amount as the Company may by ordinary resolution determine. The Directors may also be paid all expenses properly incurred by them in connection with the discharge of their duties as Directors.

A Director who holds an executive office under, or who is employed by, the Company or who provides it with services outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors think fit.

The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with British Gas and for a member of his family or other dependent.

(b) Subject to the provisions of the Companies Act 1985, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director is not by reason of his office disqualified from being a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company has an interest, or with a body corporate in which the Company has an interest, or disqualified from being an officer or employee of any such body corporate, or liable to account to the Company for any benefit thereby derived; and no such transaction or arrangement is liable to be avoided on the ground of any such interest or benefit.

Except as otherwise provided by the Articles, no Director may vote or be counted in a quorum at a meeting in relation to any resolution concerning a matter in which he has a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company). The prohibition will not apply to:

- the giving of any guarantee, security or indemnity to a Director in respect of money lent to or obligations incurred by him for the benefit of the Company or any of its subsidiaries;
- the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by giving security;
- the participation of a Director in the underwriting or sub-underwriting of an offer of shares or debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;
- any proposal for a retirement benefits scheme which has been approved or is conditional upon approval by the Board of Inland Revenue for taxation purposes;
- any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to the Director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates; or
- any proposal concerning any other company in which the Director is interested, whether as an officer, creditor or shareholder, provided that he is not the holder (other than as bare trustee) of or beneficially interested in one per cent. or more of any class of the equity share capital of the company (or of any third company through which his interest is derived) or of the voting rights of members of such company.

The Company may by ordinary resolution suspend or relax the provisions prohibiting a Director from voting at a meeting of the Directors.

(c) The provisions of section 293 of the Companies Act 1985 (relating to the appointment and retirement as Directors of persons who are aged 70 or more) do not apply to the Directors.

(d) At each annual general meeting, one third of the Directors who are subject to retirement by rotation (or, if their number is not three or a multiple of three, the number nearest to one third) shall retire from office by rotation. The Chairman of the Directors, the Chief Executive Director, and one other Director holding such executive office as the Directors may determine, are not subject to retirement by rotation.

## 6. Borrowing powers

The Directors, who may exercise all the powers of the Company to borrow money (with or without security), must restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiaries so as to secure (as regards its subsidiaries, so far as by such exercise they can secure) that the aggregate principal amount outstanding of all borrowings by the Company and its subsidiaries (the "Group") (excluding amounts borrowed by any member of the Group from any other member of the Group), shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 0.7 times the aggregate of the amount paid up on the share capital of the Company and the total of the capital and revenue reserves of the Group, as shown by the latest audited consolidated accounts of the Group. The borrowings restriction will be calculated by reference to the CCA balance sheet but the Articles provide for the multiple of 0.7 referred to above to be replaced by a multiple of two if the latest accounts of the Group include an HCA balance sheet but no CCA balance sheet. The Articles also make provision for certain liabilities to be treated as borrowings, for the computation of borrowings and for the adjustment of share capital and reserves. Until the first audited accounts of the Group are published, the amount of the said limit on borrowings will be £10 billion.

## 7. Attendance at meetings

If at any time the Company has a very large number of shareholders it may need to seek authority to restrict or regulate, where appropriate, attendance at general meetings on a basis as far as possible to all members and without prejudice to voting rights.

## D. DIRECTORS' INTERESTS

Save as disclosed in this Part, none of the Directors has or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which were effected by the Company or the Corporation since 31st March, 1985 or were effected by the Corporation before that date and remain in any respect outstanding or unperformed.

No Director has any interest in the share capital of the Company or its subsidiaries; executive Directors may participate in the employee share schemes described in Part E of this Section and in the special arrangements for employees applying for shares, and Directors may apply like any other member of the public under the Offer for Sale.

It is estimated that on the basis of the arrangements in force at the date of the Offer for Sale the aggregate remuneration (exclusive of pension contributions and benefits in kind) of the Directors during the year ending 31st March, 1987 would be £422,800 (1986-£376,500).

All the executive Directors have entered into service agreements with the Company. The expiry dates of such agreements are as follows:

Director	Date
Sir Denis Rooke	30th June, 1989
Mr. R. Evans	30th September, 1988
Mr. C. W. Brierley	31st December, 1989
Mr. C. E. Donovan	28th February, 1989
Mr. W. G. Jewers	17th December, 1986
Mr. J. McHugh	31st December, 1988
Mr. W. R. Probert	31st December, 1989
Mr. A. Sutcliffe	28th July, 1989

Under the service agreement for Mr. Evans the Company may, by notice, vary the agreement so that it becomes determinable by not less than three years' notice served by either party on the other; under the service agreement for Mr. McHugh he is entitled to be the third executive Director not subject to retirement by rotation pursuant to the provision of the Articles of Association summarised in paragraph 5(d) of Part C of this Section.

The Directors have established two Remuneration Committees: one comprising all the non-executive Directors and empowered to determine the remuneration and other terms of employment of the Chairman and the Chief Executive; the other comprising all the non-executive Directors and the Chairman and the Chief Executive, empowered to determine the remuneration and other terms of employment of the afd empowered Directors and the top level of management below the Board. Having taken expert independent advice, the Committees have decided that following the admission of the Ordinary Shares to the Official List:

- notice should be given under Mr. Evans' agreement varying it, as indicated above, so as to make it determinable by not less than three years' notice;
- the agreements for the other executive Directors, with the exception of Sir Denis Rooke and Mr. Jewers, should be amended so as to be determinable by not less than three years' notice, such notice to expire not earlier than the relevant expiry date shown above; and
- the annual remuneration of the executive Directors should be increased to the following rates:

Director	Remuneration
Sir Denis Rooke	£175,000
Mr. R. Evans	£115,000
Mr. C. W. Brierley	£85,000
Mr. C. E. Donovan	£85,000
Mr. W. G. Jewers	£95,000
Mr. J. McHugh	£93,000
Mr. W. R. Probert	£83,000
Mr. A. Sutcliffe	£68,000

The remuneration of the executive Directors stated above is inclusive of Directors' fees.

The fees for each of the non-executive Directors will, with effect from the admission of the Ordinary Shares to the Official List, be at the rate of £10,000 per annum.

Had the increased remuneration described above been in force with effect from 1st April, 1986, the aggregate remuneration of the Directors during the year ending 31st March, 1987 would be £789,800.

Sir Martin Jacoby, a non-executive Director of the Company, is also Executive Chairman of Barclays de Zoete Wedd Limited, one of the U.K. Underwriters referred to in Part G of this Section.

## E. EMPLOYEE SHARE SCHEMES

The Company has established a profit-sharing scheme and a savings-related share option scheme. Certain provisions of these schemes may be amended by the Directors with the approval of the Inland Revenue, but their basic structure (and in particular the limitations on participation and on the number of shares that may be issued under them, indicated below) cannot be altered without the prior sanction of the Company in general meeting.

## Employee profit-sharing scheme (the "Profit-Sharing Scheme")

The Profit-Sharing Scheme, which has been approved by the Inland Revenue under the provisions of the Finance Act 1978 (as amended), will be used in conjunction with the Offer for Sale as described in paragraph 3 of Part A of Section IX below. It may also be used to acquire shares in future years for eligible employees of the Company and its participating subsidiaries, to be paid for out of profits. In this event, the Company and the participating subsidiaries will make payments to the trustees of the Scheme who will use the funds either to buy shares in the market or to subscribe for them. The subscription price will be the greater of the nominal value of a share on the date of subscription and the market value of a share which, so long as the shares are listed on The Stock Exchange, will be the middle market quotation derived from the Daily Official List for the second dealing day immediately preceding the date of subscription.

The Directors will decide whether the Profit-Sharing Scheme is to be operated in any year and, if so, the proportion of British Gas profits of the relevant financial year to be allocated for the Scheme, which may not exceed five per cent. of the profits of British Gas (before tax and extraordinary items) attributable to its operations in the United Kingdom. It is not intended to operate the Scheme after it has been used in conjunction with the Offer for Sale until 1988 in respect of the year ending 31st March, 1988 at the earliest.

The maximum value of shares appropriated to any participant under the Profit-Sharing Scheme in any year may not exceed the greater of £1,250 and ten per cent. of salary (subject to a maximum of £5,000).

The Finance Act 1978 requires that shares appropriated pursuant to the Profit-Sharing Scheme must be held by the trustees for a minimum period of two years after appropriation, during which they may not be dealt with in any way except in certain circumstances such as death, reaching statutory pensionable age or redundancy. For the following three years the trustees must retain the shares unless a participant instructs them otherwise and thereafter the shares may be transferred to the participant.

All shares appropriated under the Profit-Sharing Scheme will rank *pari passu* in all respects with all other ordinary shares then in issue. Application will be made to the Council of The Stock Exchange for listing on The Stock Exchange of the shares issued pursuant to the Profit-Sharing Scheme.

While a participant's shares remain held by the trustees a participant will be the beneficial owner of his shares and be entitled to receive dividends and, through the trustees, to vote and to participate in rights and capitalisation issues and elect to receive scrip dividends in substantially the same way as other shareholders.

## Savings-related share option scheme (the "Sharesave Scheme")

The Company has adopted a Sharesave Scheme which has been submitted to, and is expected to be approved by, the Inland Revenue under the provisions of the Finance Act 1980. To join the Sharesave Scheme, eligible employees of the Company and of its participating subsidiaries must enter into a Save-As-You-Earn contract ("SAYE contract") with Nationwide Building Society to make 60 monthly contributions of not less than £10 nor more than £100 (or such greater amount, not exceeding £150, as may be permitted by statute) and may use those savings to subscribe for ordinary shares in the Company on the maturity of their SAYE contracts (five years after they commence saving).

Each eligible employee so joining will be entitled to apply for an option at a price per share ("Option Price") which will be fixed by the Directors but which will be not less than the greater of (i) the nominal value per share and (ii) 90 per cent. of the average market value of a fully paid share over the three dealing days immediately preceding the invitation to take up options. While the instalments are outstanding on shares sold in the Offer for Sale, market value will have to be agreed with the Inland Revenue. Thereafter, it will be determined by reference to the middle market quotation on The Stock Exchange. Each option granted will be over such number of shares as have an aggregate Option Price not exceeding the total monthly contributions, plus the bonus payable on maturity of the SAYE contract.

An option may only be exercised by the person to whom it was granted, or his personal representatives, and is not transferable.

In normal circumstances options may only be exercised within six months of the fifth anniversary of the starting date of the SAYE contract and while the participant remains an employee. Where, however, a participant ceases to be an employee of British Gas in certain circumstances such as injury, redundancy or reaching statutory or contractual pensionable age, he will have six months from the date of leaving within which to exercise his option. Where a participant dies before the fifth anniversary, the option can be exercised within twelve months of his death. If he dies within six months after the fifth anniversary, the option can be exercised within twelve months from that anniversary. In the event of the take-over, reconstruction, amalgamation or voluntary winding-up of the Company, options may be exercised within six months of the relevant event. In all cases of early exercise the participant will only be able to exercise his option over shares having an aggregate Option Price equal to the contributions made and interest (if any) received under his SAYE contract at the date of exercise.

Shares issued pursuant to the Sharesave Scheme will rank *pari passu* in all respects with ordinary shares then in issue, but they will not participate in any dividend or other rights attaching to shares by reference to a record date preceding the date of exercise. The Company will apply to the Council of The Stock Exchange for listing of the shares issued pursuant to the Sharesave Scheme.

The Directors intend to issue the first invitations under the Sharesave Scheme in early 1987. Thereafter invitations may only be issued in the 30 day period following the announcement of the yearly or half yearly results.

## Share scheme limits

The Profit-Sharing and Sharesave Schemes are subject to the following limits on the number of shares that may be subscribed for:

- not more than 550 million shares, representing ten per cent. of the authorised ordinary share capital of the Company on admission of the Ordinary Shares to the Official List of The Stock Exchange, may be issued pursuant to the Profit-Sharing Scheme using funds provided by the Company and its participating subsidiaries;
- not more than 550 million shares, representing ten per cent. of the authorised ordinary share capital of the Company on admission of the Ordinary Shares to the Official List of The Stock Exchange, may be issued in the ten-year period ending on 16th September, 1996 pursuant to options granted under the Sharesave Scheme;
- in any year, not more than one per cent. of the issued ordinary share capital of the Company may be subscribed for by the trustees of the Profit-Sharing Scheme using funds provided by the Company and its participating subsidiaries;
- in any three-year period, not more than three per cent. of the issued ordinary share capital may be subscribed for by the trustees or placed under option under the Sharesave Scheme (save in the five-year period following the establishment of the Scheme, when five per cent. of such issued ordinary share capital may be so subscribed or placed under option); and
- in any ten-year period, not more than ten per cent. of the issued ordinary share capital may be subscribed for by the trustees or placed under option.

The limits referred to in (a) and (b) above, but not the percentages, may be adjusted in the event of a capital reorganisation.

## Approved Share Option Scheme

The Remuneration Committee comprising all the non-executive Directors, which is referred to in Part D of this Section, will give consideration to the introduction of an Approved Share Option Scheme under the terms of the Finance Act 1984 for executive Directors and senior management. Any such scheme, if approved by the Remuneration Committee, would be put before shareholders for their approval. The grant of options under the scheme would be dealt with by the Remuneration Committee and no grants would be made, at the earliest, until after the Annual General Meeting in 1988.

## F. WORKING CAPITAL

The Directors consider that, taking account of available facilities, British Gas has sufficient working capital for its present requirements.

## G. UNDERWRITING

(a) The following arrangements have been made for underwriting the Offer for Sale:

(i) invitations to apply under the Offer for Sale for, in aggregate, 3,230 million Ordinary Shares (the "U.K. Offered Shares") are being made on 21st November, 1986 to certain institutions (who may include U.K. Underwriters referred to below). Each such institution will be invited to apply (or procure that applications are made by or on behalf of funds under its management) for a number of Ordinary Shares in respect of which it (or each such fund) (a "Priority Applicant") will (i) be guaranteed an allocation of 30 per cent. of such Ordinary Shares ("Firm Placing Shares"), (ii) be provisionally allocated (subject to recall as set out in paragraph (c) below) 20 per cent. of such Ordinary Shares ("Provisional Placing Shares"), and (iii) undertake to purchase the balance of such Ordinary Shares ("Commitment Shares") if they are not otherwise allocated in the U.K. Public Offer. Priority Applicants will receive from the Secretary of State a commission of 0.5 per cent. of the aggregate value of the Offer for Sale price of their Firm Placing Shares and 1.25 per cent. of the aggregate value of the Offer for Sale price of their Provisional Placing Shares and their Commitment Shares; and

(ii) an agreement (the "U.K. Underwriting Agreement") dated 21st November, 1986 has been entered into between (1) the Secretary of State (2) the Company (3) N M Rothschild & Sons Limited and the underwriters named therein (the "U.K. Underwriters") and (4) the Directors of the Company, pursuant to which the U.K. Underwriters agreed to apply as Priority Applicants for such of the U.K. Offered Shares as are not applied for by Priority Applicants. The agreement provides for the Secretary of State to pay underwriting commissions to N M Rothschild & Sons Limited on behalf of the U.K. Underwriters and a commission to N M Rothschild & Sons Limited for arranging the underwriting amounting in aggregate to 0.175 per cent. of the aggregate value of the Offer for Sale price of the U.K. Offered Shares. In addition the Secretary of State has agreed to pay fees to the Brokers to the Offer for Sale.

(b) On 21st November, 1986 the Secretary of State and the Company entered into the following separate agreements (the "Overseas Underwriting Agreements") in respect of offerings to be made in the United States, Canada, Japan and Europe (the "Overseas Offerings") in respect of an aggregate of 795.5 million Ordinary Shares:

- an agreement with Goldman, Sachs & Co. and others as representatives of a syndicate of U.S. Underwriters (the "U.S. Underwriters") pursuant to which the U.S. Underwriters severally agreed to purchase (subject to reduction as provided below) 285.5 million Ordinary Shares (in the form of American Depositary Shares each representing ten Ordinary Shares ("ADSs")) and evidenced by first interim American Depositary Receipts. The amount payable by the U.S. Underwriters in respect of the first instalment will be the equivalent of £5.00 per ADS together with 7.5p in respect of United Kingdom stamp duty reserve tax ("SDRT"), translated into U.S. dollars at a rate determined by reference to the spot market selling rate for pounds sterling in London on or about 8th December, 1986;
- an agreement with Wood Gundy Inc. and others (the "Canadian Underwriters") pursuant to which the Canadian Underwriters severally agreed to purchase (subject to reduction as provided below) 170 million Ordinary Shares (in the form of ADSs and evidenced by first interim American Depositary Receipts). The amount payable by the Canadian Underwriters in respect of the first instalment will be the equivalent of £5.00 per ADS together with 7.5p in respect of SDRT, translated into Canadian dollars at a rate determined by reference to the spot market selling rate for pounds sterling in London on or about 8th December, 1986;
- an agreement with The Nomura Securities Co., Ltd. and others (the "Japanese Underwriters") pursuant to which the Japanese Underwriters jointly and severally agreed to purchase (subject to reduction as provided below) 170 million Ordinary Shares at the Offer for Sale price. The amount payable by the Japanese Underwriters in respect of the first instalment is to be translated into Japanese yen at the forward exchange rate ruling in Tokyo on or about 5th December, 1986, for value on 12th December, 1986; and
- an agreement with Swiss Bank Corporation International Limited and others (the "European Underwriters") pursuant to which the European Underwriters jointly and severally agreed to procure, as agents for the Secretary of State, applicants for, and failing which to apply and pay for, 170 million Ordinary Shares (subject to reduction as provided below) (the "European Offering Shares") at the Offer for Sale price.

As compensation to the Underwriters for their obligations pursuant to each of these agreements the Secretary of State has agreed to pay commissions to them (or, in the case of the European Offering, to intermediaries procured by or through the Underwriters) amounting in aggregate to 1.65 per cent. of the aggregate value at the Offer for Sale price (translated, where appropriate, at the relevant rate of exchange) for the U.S. Offering Shares, the Canadian Offering Shares, the Japanese Offering Shares and the European Offering Shares respectively (together, in the case of the European Underwriters, with United Kingdom VAT payable thereon). In addition, the Secretary of State has agreed to pay to the U.S. Underwriters, the Canadian Underwriters and the Japanese Underwriters amounts equal to interest on the aggregate amount of the first instalment of the shares to be purchased by them respectively. Such interest is to be calculated for periods of eight days (in the case of the U.S. and Canadian Underwriters) and four days (in the case of the Japanese Underwriters), at rates to be agreed between the Secretary of State and the relevant Underwriters. The Overseas Underwriting Agreements also provide for the payment by the Secretary of State of certain expenses incurred by the Underwriters.

Each of the Overseas Underwriting Agreements will become unconditional if the U.K. Underwriting Agreement becomes unconditional.

(c) The arrangements with the Priority Applicants and the Overseas Underwriters provide that, if valid applications under the U.K. Public Offer are received in respect of more than 3,230 million Ordinary Shares, the Provisional Placing Shares will be recalled from Priority Applicants and 40 per cent. of the Ordinary Shares comprised in the Overseas Offerings will be withdrawn from those Offerings, and the Ordinary Shares so recalled and withdrawn will be added to Ordinary Shares available for the U.K. Public Offer. Arrangements have also been made with the Overseas Underwriters under which Ordinary Shares may be withdrawn from the Overseas Offerings to meet estimated requirements for share bonus entitlements. The U.S., Canadian, Japanese and European Underwriters have agreed respectively to provide the Secretary of State with Ordinary Shares at the Offer for Sale price for such purpose should their estimates of the number of Ordinary Shares required be insufficient.

(d) The U.K. Underwriting Agreement and the Overseas Underwriting Agreements contain certain warranties and indemnities in favour of the Underwriters by the Secretary of State. The U.K. Underwriting Agreement contains, *inter alia*, certain conditions and provisions for termination in the event of a material change in relevant circumstances; if it is terminated the Overseas Underwriting Agreements will also terminate. In this event the U.K. and Overseas Underwriting Agreements make certain provisions relating to fees, commissions and other expenses.

(e) In respect of the Offer for Sale and the Overseas Offerings the Company has entered into an agreement dated 21st November, 1986 with the Secretary of State and the Directors and certain employees of the Company whereby (i) the Directors have given to the Secretary of State warranties relating to the Offer for Sale and the Directors and certain employees have received an indemnity from the Secretary of State in relation to certain liabilities under the Offer for Sale and the Overseas Offerings and (ii) the Company has given to the Secretary of State a warranty in relation to those parts of the offering documents to be used in the Overseas Offerings which relate to the Company and has received an indemnity from the Secretary of State in relation to the Offer for Sale and the Overseas Offerings.

(f) The Secretary of State, the U.K. Underwriters and each of the Overseas Underwriters have entered into an agreement for the purpose of ensuring the orderly marketing of the Ordinary Shares under the Combined Offer. It provides, *inter alia*, that the U.S., Canadian, Japanese and European Underwriters will (subject to limited exceptions) confine their offers and sales until the end of the initial distribution of Ordinary Shares pursuant to the Combined Offer to U.S., Canadian, Japanese and European Persons (as defined therein) respectively.

## H. SELLING AND DISTRIBUTION COMMISSIONS

## 1. Selling commission

Selling agents (namely members of The Stock Exchange, licensed dealers, members of the Financial Intermediaries, Managers and Brokers Regulatory Association ("FIMBRA") and exempted dealers, but not members of Cheque and Credit Clearing Company Limited, their retail banking subsidiaries and certain other designated banks ("U.K. Clearing Banks")) are eligible to receive selling commissions from H.M. Government. Only shares allocated to successful applicants applying on yellow, orange, newspaper or green forms (excluding shares which represent a guaranteed allocation under the Customer Share Scheme described in paragraph 2(b)(i) of Part A of Section IX below) will qualify for such selling commission. The amount of selling commission payable to each selling agent will be whichever is the lower of the two aggregate amounts calculated by applying the applicable rates mentioned below to:

- the value of each allocation of such shares (calculated on the basis of the Offer for Sale price) resulting from successful applications made on such forms submitted to the receiving banks bearing such selling agent's stamp and VAT registration number; and
- the value of each allocation of such shares (calculated as in (i) above) resulting from successful applications shown on the requisite claim forms submitted by that selling agent to National Westminster Bank PLC, New Issues Department, R.O. Box No. 79, 2 Princes Street, London EC2P 2BD, on or before 31st December, 1986.

Such selling commission will be payable to selling agents and, where applicable, realisable to financial intermediaries, on the relevant allocations at the following rates:

- on any such allocation with a value of up to £10,000: 1.75 per cent. of the Offer for Sale price (of which 1 per cent. of the Offer for Sale price will be realisable to the financial intermediaries mentioned below); and



(h) on any such allocation with a value of more than £10,000, 1.75 per cent. of the Offer for Sale price on the first £10,000 (of which 1 per cent. of the Offer for Sale price will be so allowable) and 0.5 per cent. on the balance, subject to a maximum payment of £3.5 (of which 0.25 per cent. of the Offer for Sale price will be so allowable subject to a maximum payment of £200).

The financial intermediaries which are eligible for reallowance of such selling commissions are recognised banks and licensed deposit takers (within the meaning of the Banking Act 1979 but excluding U.K. Clearing Banks), solicitors of the Supreme Court, members of the Institute of Chartered Accountants, members of the Chartered Association of Certified Accountants, insurance brokers registered pursuant to the Insurance Brokers (Registration) Act 1977 and members of the British Insurance Brokers' Association, in each case in the United Kingdom, the Channel Islands and the Isle of Man. Commissions must not be reallocated to any other person. In each case, such financial intermediaries must submit applications bearing their stamps and also the stamps of the selling agent by whom commission will be reallocated, and should also submit to that selling agent the requisite claim forms completed for all applications bearing their stamp. Where an application form has been stamped by a U.K. Clearing Bank claiming distribution commission, no selling commission will be payable.

Selling commissions will not be payable on applications which are, or are believed to be, multiple applications. Criminal proceedings may be instituted if selling commissions or reallowances are knowingly claimed in respect of multiple applications. Those claiming selling commissions or reallowances must adopt adequate procedures to prevent multiple applications being made through them and must keep adequate records of the procedures they operate and of the application forms they distribute or submit. H.M. Government has appointed Touche Ross & Co. to review the procedures adopted and records kept by those claiming commission and, for such purpose, H.M. Government reserves the right for Touche Ross & Co. to be given access to claimants' premises and records and, if H.M. Government sees fit, to carry out an audit of commissions that may be payable. H.M. Government further reserves the right not to pay selling commission to any selling agent whose stamp appears on any application which is or is believed to be a multiple application, or who fails to satisfy Touche Ross & Co. that adequate procedures have been adopted and followed. Commissions payable by H.M. Government will be rounded down to the nearest 50p and will be paid together with VAT on them. No selling commission will be payable by H.M. Government to any person who would otherwise be entitled to a payment of less than £10.

## 2. Distribution commission

Distribution commissions (plus VAT if applicable) will be payable to U.K. Clearing Banks as defined above on the value of each allocation of Ordinary Shares (calculated on the basis of the Offer for Sale price) resulting from successful applications made on yellow public application forms distributed by them and bearing their stamps and their VAT registration numbers (if any) at the rate of 0.375 per cent. of the Offer for Sale price, subject to a maximum of £3.50 per application. Distribution commissions will not be payable on applications which are, or are believed to be, multiple applications. Commissions payable by H.M. Government will be rounded down to the nearest 50p and will be paid together with VAT on them. No distribution commission will be payable by H.M. Government to any person who would otherwise be entitled to a payment of less than £10.

## 1. SUMMARY OF THE INSTALMENT AGREEMENT

### 1. Introduction

The Ordinary Shares being sold are to be paid for over some 17 months (the "Instalment Period"). To enable purchasers to sell freely without prejudicing the interests of the Secretary of State, an Instalment Agreement dated 21st November 1986 has been entered into between the Company, National Westminster Bank PLC (the "Custodian Bank") and the Secretary of State to which every purchaser will also be a party. In this Part, a "purchaser" means a person whose application to purchase Ordinary Shares is accepted or in whose favour renunciation of a letter of acceptance is registered or (after 3.00 p.m. on 20th February 1987) a person (in this Part, a "registered holder") who is registered in the register of interim rights provided for in the Instalment Agreement (in this Part, the "register"). An "interim right" means a purchaser's rights and obligations in relation to an Ordinary Share, a "related share" means the Ordinary Share the subject of an interim right. The Instalment Agreement will prevail if inconsistent with this summary. Copies are available for inspection as stated in paragraph 13 of Part N of this Section and until 30th June 1988 at the Custodian Bank's office at Cannon House, E.C. Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ, from where copies may also be obtained on payment of a reasonable fee. The Instalment Agreement does not apply to Ordinary Shares allocated under the Free Offer or Matching Offer to employees or the Pensioner Free Offer described in paragraph 3 of Part A of Section IX below.

### 2. Principles of the instalment Agreement

The Ordinary Shares subject to the Instalment Agreement will be registered in the Custodian Bank's name until fully paid for. Interim rights will initially be evidenced by letters of acceptance, which will be superseded in due course by Interim Certificates issued by the Custodian Bank in accordance with the timetable set out in Part D of Section IX below. Registered holders of interim rights will be registered as the holders of the related shares in accordance with such timetable after all the instalments have been duly paid. The Instalment Agreement is designed, subject to its terms and paragraphs 3 to 14 (inclusive) below, to confer and impose on purchasers rights and obligations substantially similar to those conferred and imposed on the Company's shareholders. Only the purchaser of an interim right is entitled to be recognised as the owner of that interim right, and no trust need be recognised, subject to any court order to the contrary and paragraph 11 below.

### 3. Default in payment

If a purchaser fails to pay when due any instalment of the price for any Ordinary Share, the agreement by the Secretary of State to sell that Ordinary Share may (without prejudice to the Secretary of State's other rights) be avoided and the Ordinary Share sold to someone else. The defaulting purchaser will receive a sum equal to the amount of the instalment(s) previously paid or treated as paid for the related share without interest after deduction of the expenses of sale and any loss sustained by the Secretary of State. If the Secretary of State in his discretion accepts late payment, he may do so on the basis that the purchaser pays default interest as set out in the Instalment Agreement. If any payment is insufficient to satisfy the instalment in respect of an entire holding of interim rights, it will be applied so that the instalment is satisfied in respect of as many interim rights as possible.

### 4. Cash dividends

Registered holders will receive in respect of their interim rights the benefit of any cash dividend declared by the Company in respect of the related shares. Cash dividends will be sent by cheque or warrant to registered holders (to the address of the first named in the register, in the case of joint holders) at their risk.

### 5. Capitalisation issues

If there is a capitalisation issue of new shares ranking *pari passu* in all respects with the existing Ordinary Shares, the Secretary of State and the registered holders will be deemed to have agreed to sell and purchase them on the following basis: subject to provisions for dealing with fractional entitlements, the price agreed to be paid for the existing Ordinary Shares will be proportionately distributed over the existing Ordinary Shares and the new shares attributable thereto and the instalments already paid and remaining to be paid will be similarly distributed, so that a registered holder will be obliged to pay no less and no more for his increased holding than for his original holding and the Secretary of State's right to receive further instalments in respect of each share will be proportionately distributed over the increased holding.

### 6. Rights issues

Registered holders will be able to participate in respect of their interim rights in any rights issue made by the Company substantially to the same extent and effect as if they were the holders of the related shares. The Instalment Agreement contains provisions for determining a price per share below which rights issues may not be made during the Instalment Period without the Secretary of State's agreement.

### 7. Other distributions and issues

Subject to provisions dealing with fractional entitlements, any securities (other than Ordinary Shares) issued pursuant to a capitalisation issue, and any non-cash distribution made by the Company to the Custodian Bank as the holder of any related shares will normally be retained by the Custodian Bank and transferred by it to the relevant registered holders after the Instalment Period, subject to the registered holder paying any stamp duty or stamp duty reserve tax in connection with such transfer. Registered holders at the time when such an issue or distribution is made to the Custodian Bank may as a result have a tax liability before they receive the transfer.

### 8. Transfers

After the renunciation period, interim rights will be transferable in the same way as fully paid shares. No transfer will be registered without delivery to the Custodian Bank of a duly completed and stamped instrument of transfer supported by the relevant document of title (which may be required in accordance with the timetable set out in Part D of Section IX below) to be duly received as to, or accompanied by payment of, the next instalment; and, if so demanded, default interest (if late payment is accepted). The Custodian Bank may call for further evidence to prove title or the right to transfer. On registration of renunciation or transfer the renouncee or transferee becomes the new registered holder of the relevant interim rights and a party to the Instalment Agreement and entitled and subject to the rights and obligations conferred thereby (including the obligation to pay instalments) to the exclusion of any predecessor in title. The person tendering any documents for registration is deemed to warrant his authority to do so as, and/or on behalf of, the renouncee(s) or transferee(s) named therein. The Instalment Agreement contains further provisions dealing with transfers of interim rights and transmission on death, bankruptcy and mental incapacity and restricting transfers in favour of persons who are not of full capacity or to more than four persons jointly.

### 9. Meetings

Registered holders (or the first named in the register, in the case of joint holders) will receive notices of meetings of shareholders of the Company and may attend, speak and vote in respect of their related shares to a similar extent and subject to similar restrictions as if they were shareholders. Provision is also made for meetings of registered holders, which may be convened by the Custodian Bank, the Company or the Secretary of State, or if the Custodian Bank receives such funds, indemnity and security as it may require by registered holders together holding one tenth or more of all the interim rights, and any resolution passed at such a meeting binds all registered holders. A registered holder whose registered address is outside the United Kingdom and who wishes to receive notices of meetings of the Company or of registered holders must give the Custodian Bank an address within the United Kingdom to which they may be sent.

## 10. Reports, accounts etc.

Registered holders (or the first named in the register, in the case of joint holders) will receive copies of all reports, accounts and circulars which the Company sends to its shareholders generally.

## 11. Limitation on holdings

The provisions of the Articles of Association which limit the size of shareholdings as described in paragraph 3 of Part C of this Section are applied to interim rights in substantially the same way as they apply to related shares and any disposals required under those provisions will, in so far as they relate to related shares, generally be of interim rights, rather than the related shares. Any registered holder of interim rights by virtue of which any person is (or appears to the Directors, or is deemed, to be) interested in related shares who does not dispose of those interim rights when required to do so under those provisions and those of the Instalment Agreement may be prevented from receiving the related shares, or exercising voting rights in respect of or transferring those interim rights (otherwise than for the purpose of reducing his interests in accordance with such provisions), and some or all of those interim rights may be sold on his behalf. If interim rights are so sold, the proceeds of sale, without interest and following deduction of the expenses of sale, will be paid to the former registered holder upon surrender to the Custodian Bank of the Interim Certificate(s) in respect of the interim rights so sold.

## 12. Limitations on duties and liabilities

The Instalment Agreement contains limitations on the liabilities and duties of the Custodian Bank, the Secretary of State and the Company and provisions indemnifying the Custodian Bank and relieving it from responsibility in certain circumstances.

## 13. Amendments

The Custodian Bank, the Company and the Secretary of State may amend the Instalment Agreement without the consent of the purchasers in order to cure any ambiguity, defect or manifest error or in any manner (including, without limitation, to facilitate dealings or settlements on The Stock Exchange or any other securities market) which would not in their opinion materially prejudice the interests of the purchasers.

## 14. Taxes etc.

Purchasers may be required to execute or furnish documents in order to comply with tax or other requirements in respect of their interim rights or the related shares. Except as specified in the Instalment Agreement, each purchaser is responsible for all taxes, duties and government charges and expenses which may become payable in respect of his interim rights or the related shares. Therefore, if any of the same are paid or payable in the first instance by the Custodian Bank as holder of the related shares, the purchaser must pay the same to the Custodian Bank upon request. Failure to do so may result in the sale of some or all of the purchaser's interim rights or the related shares.

## J. UNITED KINGDOM TAXATION OF DIVIDENDS

When the Company pays a dividend it also accounts to the Inland Revenue for advance corporation tax ("ACT"). The rate of ACT is fixed by reference to the basic rate of income tax and at present equals 29 per cent. of the aggregate of the dividend and of the related ACT.

A holder of an Interim Certificate or Ordinary Share who is resident (for tax purposes) in the United Kingdom and who receives a dividend from the Company will be entitled to a tax credit of an amount equal to the related ACT. A company resident in the United Kingdom will be able to treat any dividend received and the related tax credit as franked investment income. An individual will be taxable upon the total of the dividend received and the tax credit, but the tax credit will discharge his liability to basic rate income tax and if the tax credit exceeds his liability to tax on the dividend he will be able to claim the excess.

Subject to certain exceptions for Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands and certain others, the right of a holder of an Interim Certificate or Ordinary Share who is not resident in the United Kingdom to claim any part of the tax credit will depend upon the existence and terms of any double tax treaty between the United Kingdom and the country in which he is resident. Persons who are not resident in the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

## K. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into within the period of two years immediately preceding the publication of this document and are, or may be, material: the £2,500 million debenture referred to in paragraph 2 of Part B of this Section; the underwriting agreements referred to in Part G of this Section; and the warranties and indemnities agreement referred to in paragraph (e) of Part G of this Section.

## L. LITIGATION

British Gas has not been engaged in any litigation or arbitration which may have, or has had within the last twelve months, a significant effect on the financial position (including results of operations) of British Gas and no litigation or claim which may have such an effect is known to the Directors.

## M. SUBSIDIARY COMPANIES

Details of the Company's principal subsidiaries, which are all wholly owned, are as follows:

Name of subsidiary	Activity	Share capital (issued and fully paid)
Gas Council (Exploration) Limited	Exploration	£100
Hydrocarbons Great Britain Limited	Exploration	£100
Hydrocarbons Ireland Limited	Exploration	IR £100

Gas Council (Exploration) Limited and Hydrocarbons Great Britain Limited are incorporated in England and Wales and the registered office of each is at Rivermill House, 152 Grosvenor Road, London SW1V 3JL. Hydrocarbons Ireland Limited is incorporated in the Republic of Ireland and its registered office is at Gardner House, Wilton Place, Dublin 2.

## N. MISCELLANEOUS

1. On admission to the Official List, the Ordinary Shares will be "wider-range investments" within the meaning of the Trustee Investments Act 1961.

2. Rating: except with respect to certain premises (such as office premises not situated on operational land and showrooms) which are subject to normal rating, the Company is not liable to be rated in the normal way, but is instead rated in accordance with formulae specified in orders made by virtue of the Local Government Act 1974 and the General Rate Act 1967 (and equivalent Scottish legislation). Rates amounted to 5.8 per cent. of non-gas costs of the gas supply business in the year ended 31st March, 1986 on a CCA basis and 6.6 per cent. on an HCA basis. Following the publication of the Green Paper "Paying for Local Government" in January 1986, the basis of rating all ratepayers, including all statutory undertakers such as British Gas, is to be reviewed although the Government does not expect to implement the outcome before 1990. If such a review were to lead to a substantial increase in the level of rate payments by British Gas there could be an adverse effect on profit unless the price formula under the Authorisation were modified to allow for an increase of this nature.

3. Planning: under the Town and Country Planning General Development Order 1977 (and an equivalent order in Scotland) the Company, as a gas undertaker, is exempt in certain respects from the requirement under the Town and Country Planning Act 1971 (and equivalent Scottish legislation) to obtain planning permission. These respects include the laying of underground mains, pipes or other apparatus and the carrying out of certain other developments.

4. Compulsory purchase: by virtue of the Gas Act the Company, as a Public Gas Supplier, may be authorised by the Secretary of State after consulting the Director General to purchase compulsorily any land or rights over land (other than land or rights held by the Crown). Any such acquisition will be subject to established procedural requirements and provisions for compensation under the Compulsory Purchase Act 1965 and the Acquisition of Land Act 1981 (and equivalent Scottish legislation); and any land or right so acquired may not be disposed of except with the consent of the Director General.

5. Save as disclosed in this Section VII:

(a) no share or loan capital of the Company since its incorporation or of any of its subsidiaries within the three years before the date of the Offer for Sale has been issued or agreed to be issued (except, in the case of subsidiaries, to the Company or the Corporation) or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation or by any of its subsidiaries within those three years, in connection with the issue or sale of any share or loan capital of any of those companies; and

(c) no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

6. No material issue of shares in the Company (other than to shareholders *pro rata* to their existing shareholdings) will be made within one year of the date of the Offer for Sale without the prior approval of shareholders in general meeting.

7. Under the Gas Act the Secretary of State is required to specify a "target investment limit", which sets a ceiling on the proportion of issued voting shares held by H.M. Treasury and the Secretary of State or their nominees. The Gas Act requires the limit to be set at the level of H.M. Government's shareholding at the time the limit is established, as soon as expedient (and not later than six months) after the sale of shares to the public. The limit may be reduced, but not increased, by further orders.

8. The Directors have been advised that the Company is not expected to be a close company, as defined in the Income and Corporation Taxes Act 1970, immediately following the Offer for Sale.

9. Save as disclosed in Part E of Section I, there has been no significant change in the financial or trading position of British Gas since 31st March, 1986.

10. The expenses of and incidental to the Combined Offer and special arrangements for employees and pensioners described in paragraph 3 of Part A of Section IX to be borne by the Company are estimated to amount to £18 million (exclusive of value added tax). The balance of such expenses (including underwriting commissions and the preliminary expenses of the Company) will be borne by the Secretary of State.

11. N M Rothschild & Sons Limited and Kleinwort Benson Limited have given and have not withdrawn their written consent to the issue of this document with the inclusion of their letter in the form and context in which it is included. Price Waterhouse have given and have not withdrawn their written consent to the issue of this document with the inclusion of their report and their letter and with the references thereto and to their name in the form and context in which each is included. ERC has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and the references thereto in the form and context in which each is included. R. Watson & Sons have given and have not withdrawn their written consent to the issue of this document with the references to their name in the form and context in which they are included.

12. Any person (including any natural person, company, government or political sub-division thereof) which becomes the "beneficial owner" (as defined in the United States Securities Exchange Act 1934, as amended) of more than five per cent. of the Ordinary Shares becomes subject, under the terms of that Act, to an obligation to file prescribed reports of beneficial ownership (and reports of changes in such ownership) with the United States Securities and Exchange Commission (the "SEC"), the New York Stock Exchange and the Company on a form prescribed by the SEC. Any person (including any individual, partnership or trustee) or company that becomes the beneficial owner of more than ten per cent. of the Ordinary Shares becomes subject, under the terms of the securities legislation in certain provinces of Canada, to an obligation to file prescribed reports of beneficial ownership (and reports of changes in such ownership) with the Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia securities commissions and with The Toronto Stock Exchange, in a prescribed form.

13. Copies of the following documents may be inspected at the offices of Herbert Smith, Watling House, 35 Cannon Street, London EC4 during usual business hours on any weekday (Saturdays excepted) for a period of fourteen days following the date of the Offer for Sale:

- the Memorandum and Articles of Association of the Company;
- the Gas Act and the relevant statutory instruments, directions and orders thereunder;
- the Authorisation granted to the Company under the Gas Act;
- the statements made pursuant to the Authorisation and the assurances referred to in Sections I and III above;
- the audited accounts of the Corporation for the two years ended 31st March, 1986;
- the accountants' report set out in Section IV above together with the statement setting out the adjustments made in arriving at the figures contained in the report;
- the letters from Price Waterhouse, N M Rothschild & Sons Limited and Kleinwort Benson Limited relating to the profit forecast and set out in Section V above;
- the report of ERC Energy Resource Consultants Limited set out in Section VI above;
- the Directors' service agreements referred to in Part D of this Section;
- the trust deed constituting the Profit-Sharing Scheme and the rules of the Shareware Scheme referred to in Part E of this Section;
- the Instalment Agreement referred to in Part I of this Section;
- the material contracts referred to in Part K of this Section; and
- the written consents referred to in paragraph 11 of this Part.

## SECTION VIII SPECIAL INCENTIVES

### A. ELIGIBILITY

If you apply for shares in the Offer for Sale, you may be eligible to receive from H.M. Government, free of charge, EITHER vouchers for use against gas bills from British Gas OR a share bonus. The special incentives are only available if you buy the shares in the Offer for Sale and not if they are bought subsequently.

To be eligible to apply for these special incentives, you must be an individual investing solely for your own benefit (or investing jointly with not more than three other individuals, solely for the benefit of one or more of you). Applications made by individuals on behalf of children may also qualify for the special incentives. Companies, partnerships, firms, trusts, associations and clubs are not eligible for these special incentives but they may apply as nominees for eligible individuals (see paragraph 4 of Part C of this Section). These special incentives are not available under the "Free Offer" or "Matching Offer" or the "Pensioner Free Offer" (all as described in paragraph 3 of Part A of Section IX), or to institutional investors applying under the arrangements described in Part G of Section VII.

### B. THE INCENTIVES

#### 1. Bill vouchers

##### (a) Value and entitlements

For every whole multiple of 100 shares you buy in the Offer for Sale and hold continuously until certain qualifying dates, you can receive £10 worth of vouchers (up to a maximum entitlement of £250). The way in which the voucher scheme will work is illustrated in the table below:

Number of shares held continuously	ENTITLEMENT TO VOUCHERS ON THE QUALIFYING DATES						Total
	30th June 1987	31st Dec 1987	30th June 1988	31st Dec 1988	30th June 1989	31st Dec 1989	
100	£10	—	—	—	—	—	£10
200	£20	—	—	—	—	—	£20
300	£30	—	—	—	—	—	£30
400	£40	—	—	—	—	—	£40
500	£40	£10	—	—	—	—	£50
600	£40	£20	—	—	—	—	£60
700	£40	£30	—	—	—	—	£70
800	£40	£40	—	—	—	—	£80
900	£40	£40	£10	—	—	—	£90
1,000	£40	£40	£20	—	—	—	£100
1,500	£40	£40	£40	£30	—	—	£150
2,000	£40	£40	£40	£40	£40	—	£200
2,500	£40	£40	£40	£40	£40	£50	£250
or more							

EXAMPLE: If you receive 500 shares in the Offer for Sale, you will be entitled to a voucher of £40 on 30th June, 1987 and a voucher of £10 on 31st December, 1987, provided you hold the shares until 31st December, 1987. If you only hold the shares until, say, November 1987, you will only be entitled to a voucher of £40.

On each qualifying date you will be entitled to one voucher, worth £10 for every whole multiple of 100 shares bought in the Offer for Sale and held continuously until then, less the value of the vouchers already received. However, the maximum voucher value on any qualifying date will be £40 (£50 on the last qualifying date). The voucher will be posted to you about two weeks after each qualifying date.

#### (b) Conditions of use

Your vouchers can be used when making any payment due to British Gas, if that payment includes charges for gas supplied (or standing charges) for your use or benefit in your home. A declaration to that effect (on the reverse of the voucher) will have to be signed when you use a voucher.

You may use your vouchers when paying by any current method which continues to be available at the time of payment. If you have a coin-operated meter emptied by British Gas, you will be able to use your vouchers to obtain a refund. If you use a voucher against gas charges which are less than the value of the voucher, you can receive a credit or, in certain limited circumstances, a refund. Details of all these arrangements will be issued with the vouchers.

Your vouchers may be used even if the bill is not issued in your name, provided the gas has been used or supplied, at least in part, for your benefit in your home. In this case you will need the person named on the gas bill to agree to your vouchers being used to pay that bill and, as appropriate, recompense you. If you are a tenant, or are in similar circumstances, and you are not sure that such an arrangement can be made, you may wish to consider the share bonus instead of the vouchers.

Vouchers will be issued in your name and will show your address on the register, if you are investing alone. If you are investing jointly, the vouchers will be issued in joint names, but addressed to the person named first on the register. Vouchers issued to a person acting as a nominee for an individual may only be used by that individual.

If you live in Northern Ireland or any other area not served by British Gas, you may not be able to use vouchers and may wish to consider applying for the share bonus.

All vouchers will cease to be valid for use after 30th September, 1990.



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## 2. Share bonus

You will be entitled to one additional share for every ten shares which you buy in the Offer for Sale and continue to hold up to and including 31st December, 1989. The maximum number of additional shares you can receive is 500. There will be no right to receive fractions of shares.

The additional shares will be transferred to you as soon as reasonably practicable after 31st December, 1989 (together with all rights attaching to those shares at the date of transfer). Any stamp duty or stamp duty reserve tax on or in respect of the transfer will be met by H.M. Government.

There are special arrangements to enable investors under the Overseas Offerings to obtain an equivalent to the share bonus.

## C. FURTHER DETAILS OF THE BILL VOUCHERS AND SHARE BONUS

## 1. Disposals of shares

If on or before the relevant qualifying date you dispose of any of your shares bought in the Offer for Sale, your entitlement to bill vouchers or the share bonus may be lost or reduced (whether or not you later acquire more shares). In the case of joint investors, a disposal by any of them will be treated as a disposal by all.

A transfer will not result in loss of entitlement if it is made after 20th February, 1987 on a special transfer form provided that the Secretary of State is satisfied that:

(a) the transfer involves the registration of the shares, following the death of the original owner, in the name of an individual entitled to such shares under such original owner's will or on his intestacy (in which case any vouchers already issued but unused by the original owner may, on application, be reissued in the name of such individual); or

(b) the transfer will not involve any change in the beneficial ownership of the shares and the beneficial owner is, on registration of the transfer, the sole or joint holder or a person under 18 years of age for whose benefit the transferor held the shares; or

(c) the shares are transferred by joint holders into the name(s) of one or more individuals of their own mind without the addition of any other person(s).

The special transfer forms will be obtainable from National Westminster Bank PLC, Registrar's Department, Cannon House, P.O. Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ.

## 2. Loss of and changes in entitlement

You will lose all rights to bill vouchers or the share bonus if you make a multiple application or if you apply in breach of the declaration on your application form. You will not receive bill vouchers so long as any instalment due on your shares remains unpaid, and you will lose all rights to bill vouchers or the share bonus if some part of your entitlement to shares is cancelled or proceedings are commenced to recover the instalment. The number of shares which will be taken into account in calculating entitlements to bill vouchers or which will qualify for the share bonus (and the maximum number of bonus shares) will be amended *pro rata* (ignoring fractions) if there is any capitalisation issue or any consolidation or subdivision of the Company's share capital.

## 3. United Kingdom tax position

Under current law and Inland Revenue practice you will not pay tax on bill vouchers. The value you obtain from your bill vouchers is deducted (for tax purposes) from the amount which you paid for your shares, although this will not matter unless, in the tax year in which you dispose of your shares, your taxable gains (when added to those of your husband or wife) exceed the exempt amount for the year (currently £6,300). You will not pay tax on the share bonus, but you will be treated for tax purposes as if you had paid for it an amount equal to the market value of the shares received on 31st December, 1989. These rules do not, however, apply to dealers in shares.

## 4. Applications by nominees

Nominees may only apply for bill vouchers or the share bonus on behalf of eligible individuals, and in such cases the nominee must apply jointly on a single application form with no more than three such individual(s) by entering the nominee's own name in Box 1 on the application form and the name(s) of such individual(s) in Box 7. The nominee should sign Box 5 on the application form. Box 7 should be signed by the individual(s), or by the nominee on behalf of such individual(s), if he is duly authorised to do so, but power(s) of attorney must be enclosed for inspection. A nominee means a person who retains no beneficial interest in the shares nor any right to acquire such an interest from the beneficial owner(s).

## 5. Definitions

Where the context permits, references to shares in this Section include references to entitlements to Ordinary Shares evidenced by letters of acceptance or Interim Certificates. References to holding Ordinary Shares or Interim Certificates are references to being the beneficial owner of those Ordinary Shares and, as the case may be, being (during the renunciation period) the addressee of the letter of acceptance relating to those Ordinary Shares or being (thereafter) the registered holder thereof in the register of the Custodian Bank or of the Company. Entitlements at any qualifying date will be determined by reference to the relevant register as at 3 p.m. on that date.

## SECTION IX

## APPLICATIONS AND DEALINGS

## A. APPLICATIONS

## 1. General

Special personalised application forms with full details on how to use them are being sent by the British Gas Share Information Office to those who registered their interest by 14th November, 1986. There are also special arrangements for British Gas employees and pensioners.

Others wishing to apply for shares should complete a public application form, such as the form at the end of this document.

**ONLY ONE APPLICATION MAY BE MADE FOR THE BENEFIT OF ANY PERSON.** If you make or authorise anyone else to make an application for your benefit under the Offer for Sale on any one of the forms mentioned above, you cannot make or authorise any other such application for your benefit. Criminal proceedings may be instituted against anyone knowingly making or authorising more than one such application for the benefit of any person. Multiple applications or suspected multiple applications are liable to be rejected. Photocopies of application forms will not be accepted in any circumstances.

## 2. Customer Share Scheme

## (a) Eligibility

If you registered as a customer with the British Gas Share Information Office by 14th November, 1986, you will have been sent a green application form which you may use only if:

- (i) you currently use gas from British Gas for your own domestic purposes in your home through its own separately metered gas supply; and
- (ii) your application is the only application made under this Scheme in respect of that supply; and
- (iii) you are an individual investing solely for your own benefit (or investing jointly with not more than three other individuals, solely for the benefit of individuals living in your home).

You do not have to be the person named on the gas bill, provided that you meet all three conditions set out above.

Companies, partnerships, firms, trusts, associations and clubs may not apply under the Customer Share Scheme, unless they are acting as nominees for individuals who would themselves be eligible.

## (b) Guarantee and preference

If you are eligible and make a valid application under this Scheme, then, subject to the Terms and Conditions set out in Section X:

- (i) your application will (a) be accepted in full (if you apply for 100 or 200 shares) or (b) be accepted to the extent of at least 200 shares (if you apply for more than 200 shares); and
- (ii) you will be given preference on a basis to be determined when shares are allocated, if heavy demand for shares results in applications being scaled down.

Up to ten per cent. of the shares in the U.K. Public Offer has been reserved to provide applicants under the Customer Share Scheme with greater allocations of shares than they would have received had they applied successfully on public application forms.

## 3. Special arrangements for employees and pensioners of British Gas

Eligible employees and pensioners of British Gas are being offered the opportunity to apply in accordance with the following special arrangements:

- (a) the "Free Offer", under which each employee of British Gas who is eligible to join the British Gas Employee Profit-Sharing Scheme (by having been in continuous employment with British Gas from 1st May, 1986 until 13th November, 1986 and at any time in that period having been contracted to work sixteen hours or more per week, excluding overtime) will be given by H.M. Government, on application, free of charge, 52 Ordinary Shares plus such number of additional shares as has a value (based on the Offer for Sale price) nearest to £2 for every year of continuous employment completed as at 1st May, 1986;
- (b) the "Matching Offer", under which each such eligible employee may apply at the Offer for Sale price (payable in full on application) for up to 111 shares; for each share so purchased and held under the Profit-Sharing Scheme, H.M. Government will transfer to trustees of the Profit-Sharing Scheme, free of charge, two shares to be held for the benefit of that employee;
- (c) the "Priority/Discount Offer", under which each employee of British Gas may apply for (i) up to 1,481 shares at a discount equal to 10 per cent. of the Offer for Sale price (to be given on the final instalment payable in respect of the number of such shares held continuously by him until the date on which the final instalment is payable); and (ii) up to 18,519 additional shares in priority over public applications, but subject to scaling down as described below;

(d) the "Pensioner Free Offer", under which any person with an address in the United Kingdom who on 13th November, 1986 was in receipt of a pension or pension benefit which he is entitled to be paid pursuant to either the British Gas Staff Pension Scheme or the British Gas Corporation Pension Scheme, and who applies, will be given by H.M. Government, free of charge, 56 shares; and

(e) the "Pensioner Priority Offer", under which any person with an address in the United Kingdom who is eligible for the Pensioner Free Offer or who was on 13th November, 1986 entitled to receive, from a date later than that date, a pension pursuant to either of the pension schemes mentioned above, may apply for up to 18,519 shares in priority over public applications, but subject to scaling down as described below.

All valid applications received in the above offers will be met in full, except for applications under the Priority/Discount Offer and Pensioner Priority Offer which will be scaled down if applications from employees and pensioners in all five of the above offers exceed in aggregate 207,500,000 shares (representing 5 per cent. of the ordinary share capital of the Company, issued and to be issued). Such applications will not be scaled down to a greater extent than applications for the same amount on public application forms, and an application in the Priority/Discount Offer may only be scaled down if it exceeds 1,481 shares and will not be scaled down below that number. All shares acquired by employees free of charge in the Free Offer and the Matching Offer under the Profit-Sharing Scheme must be vested in the trustees of that Scheme and will be subject to the restrictions on dealing described in Part E of Section VII above under "Employee profit-sharing scheme".

## 4. Non-United Kingdom applicants

No person receiving a copy of this document and/or an application form in any territory other than the United Kingdom, the Channel Islands or the Isle of Man may treat the same as constituting an invitation to him or her, nor should he or she in any event use such application form, unless in the relevant territory such an invitation could lawfully be made to him or her without compliance with any unfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom, the Channel Islands and the Isle of Man receiving a copy of this document and/or an application form and wishing to make an application hereunder to satisfy himself or herself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any government or other consents or the compliance with other necessary formalities, and to pay any transfer or other taxes requiring to be paid in such territory in respect of the shares acquired by him or her under this Offer for Sale.

No applications will be accepted on the application form below from a U.S. or Canadian person. A "U.S. or Canadian person" means any individual who is a citizen or resident of the United States of America (including the states and the District of Columbia) or Canada, or their territories or possessions or other areas subject to their jurisdiction (the "United States" and "Canada" respectively) or any corporation, partnership or other entity created or organised in or under the laws of the United States or Canada and any estate or trust the income of which is subject to United States or Canadian federal income taxation regardless of its source and shall include any United States or Canadian branch of a non-U.S. or a non-Canadian person.

## B. PAYMENT

The right is reserved to present for payment all cheques or bankers' drafts received but this will be avoided as far as practicable in respect of applications for which it is not expected to make an allocation, unless they are, or are suspected to be, multiple applications. All cheques must be honoured on first presentation.

Your attention is drawn to the arrangements for payment by instalments; until the final instalment is paid you will, so long as you hold an entitlement to shares, be bound by the terms of, and be party to, the Instalment Agreement. If you sell your shares, the purchaser will become liable for any further instalments due (once the transfer has been registered). You will be sent reminders in advance of the dates when the second and third instalments become payable. At the time the reminder is sent for the second instalment (due by 9th June, 1987), you will also be sent an Interim Certificate to replace the temporary document of title (a letter of acceptance) despatched following the Offer for Sale. After you have paid your final instalment (due by 19th April, 1988) you will be sent your final share certificate.

Instalment reminders will be sent to your address on the register. You should therefore promptly notify any change of address, following the instructions set out on the letters of acceptance and on the Interim Certificates. It will not be sufficient to have notified British Gas for gas supply purposes.

## C. ALLOCATIONS

The basis of allocation of the shares is expected to be announced by Monday, 8th December, 1986. If you are successful, in whole or in part, you will be sent a letter of acceptance for the shares allocated to you. If there is very heavy demand for the shares, you may receive fewer shares than you apply for or, in some cases, none at all. If your application is not accepted, all money paid on application will be returned (without interest). If your application is accepted in part, you will receive (without interest) a refund cheque for the balance of the money paid on application.

The right is reserved to reject, in whole or in part, any application. In particular, any application which (alone or when taken in conjunction with any other application made by or on behalf of the same applicant or by or on behalf of a person who the Secretary of State has reasonable grounds for believing (i) is associated with that applicant, or (ii) would, if that applicant held any Ordinary Shares, be or be taken to be interested in such Ordinary Shares for the purpose of the Articles of Association) is for more than 415,000,000 Ordinary Shares (ten per cent. of the issued ordinary share capital of the Company following the Offer for Sale) will be rejected to the extent that it exceeds that number. It may also be scaled down thereafter.

## D. TIMETABLE

It is expected that dealings on The Stock Exchange will commence at 2.30 p.m. on 8th December, 1986. It is expected that renounceable letters of acceptance will be sent to applicants allocated shares under the Offer for Sale on 15th December, 1986 and that initial dealings will be for deferred settlement on 18th December, 1986. Dealing instructions will be set out in the letter of acceptance; applicants who deal before receipt of a letter of acceptance will do so at their own risk.

The expected timetable of initial dealing and settlement arrangements on The Stock Exchange is as follows:

2.30 p.m. on 8th December, 1986	Dealings commence.
15th December, 1986	Letters of acceptance posted.
18th December, 1986	Deferred settlement commences.
3.00 p.m. on 18th February, 1987	Latest time for spiriting of letters of acceptance.
3.00 p.m. on 20th February, 1987	Latest time for registration of renunciation of letters of acceptance; after this time, entitlements to shares will be transferable by delivery of a completed instrument of transfer, together with the original letter of acceptance, a renounced letter of acceptance which has been received by the receiving bank or an initial Interim Certificate.
24th April, 1987	Last day for dealing in letters of acceptance and initial Interim Certificates; after this date, settlement of bargains will be by delivery of a combined Interim Certificate and call notice to pay the second instalment.
28th April, 1987	Record date for despatch of combined Interim Certificate and call notice to pay the second instalment.
11th May, 1987	Despatch of combined Interim Certificates and call notices to pay the second instalment.
29th May, 1987	Last day of dealing first instalment paid; after this date, dealing will be on the basis that the second instalment has been paid and settlement of bargains will be by delivery of Interim Certificates received by the receiving bank for the second instalment.
3.00 p.m. on 9th June, 1987	Latest time for payment of second instalment.
16th June, 1987	Despatch of last Interim Certificates received by the receiving banks for the second instalment.

It is expected that dealings on The Stock Exchange will continue on this basis until shortly before 8th March, 1988 which is expected to be the record date for the despatch of combined Interim Certificates and call notices to pay the final instalment. Further details relating to dealing arrangements over this period until the final instalment, due not later than 3.00 p.m. on 19th April, 1988, will be contained in the Interim Certificates and call notices for the second instalment, which are expected to be despatched on or soon after 11th May, 1987.

After the record date for despatch of call notices for each instalment, transfers which are not in favour of a Stock Exchange Nominee as defined in the Instalment Agreement will not be accepted for registration unless accompanied by a combined Interim Certificate and call notice for the relevant instalment either duly receipted as to payment of such instalment or accompanied by payment of it and, if demanded, default interest if late payment is accepted.

It is expected that final share certificates will be despatched to shareholders approximately eight weeks after 19th April, 1988, the final instalment date.

## E. SPECIAL DEALING ARRANGEMENTS

The brokers to the Offer for Sale and Regional Co-ordinators listed below will effect sales and purchases of entitlements to Ordinary Shares at not more than the following rates of commission on instructions given at any of their offices before 31st December, 1988:

SALES		PURCHASES	
Value	Commission	Value	Commission
£150 or below	£3	£350 or below	£5
£151 to £350	£5	£351 to £500	£10
£351 to £500	£7		

plus value added tax and, on purchases, stamp duty or stamp duty reserve tax. Dealings in larger amounts will not be subject to these special arrangements.

## BROKERS TO THE OFFER FOR SALE

Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN.  
Tel: 01-606 1768  
Hoare Govett Limited,  
Heron House,  
319-325 High Holborn,  
London WC1V 7PB.  
Tel: 01-342 3060

James Capel & Co.,  
James Capel House,  
6 Bevis Marks,  
London EC3A 7JQ.  
Tel: 01-929 3251  
Wood Mackenzie & Co. Ltd.,  
100 Wood Street,  
London EC2Y 5BP.  
Tel: 01-243 4336

## REGIONAL CO-ORDINATORS

ABERDEEN  
Parsons & Co. Limited,  
25 Albany Place,  
Aberdeen AB1 1YL.  
Tel: (0224) 589345

BELFAST  
Wm. F. Coates & Co.,  
Northern Bank House,  
8-9 Donegal Square North,  
Belfast BT1 5LX.  
Tel: (0232) 323456

BIRMINGHAM  
Albert E. Sharp & Co.,  
Edmund House,  
12 Newhall Street,  
Birmingham B3 3ER.  
Tel: 021-200 1141  
Smith Keen Cutler Limited,  
Exchange Buildings,  
Stephenson Place,  
Birmingham B2 4NN.  
Tel: 021-643 9977

BRISTOL  
Stock Beech & Co. Ltd.,  
Bristol & West Building,  
Broad Quay,  
Bristol BS1 4DD.  
Tel: (0272) 20051

CARDIFF  
Lyndon,  
113 Bute Street,  
Cardiff CF1 1QS.  
Tel: (0222) 480000

EDINBURGH  
Bell Lawrie Limited,  
P.O. Box 8,  
Erskine House,  
68 Queen Street,  
Edinburgh EH2 4AE.  
Tel: 031-225 2566

LONDON AND THE SOUTH EAST  
Barclays de Zotte Wedd  
Securities Limited,  
P.O. Box 439,  
Seal House,  
1 Swan Lane,  
London EC4R 3UD.  
Tel: 01-623 6789

LIVERPOOL  
Charterhouse Tilney,  
385 Sefton House,  
Exchange Buildings,  
Liverpool L2 3RT.  
Tel: 051-236 6000

GLASGOW  
Penney Easton & Co.  
Limited,  
P.O. Box 112,  
24 George Square,  
Glasgow G2 1EB.  
Tel: 041-248 2911

LEEDS  
Stancliffe Limited,  
Town Centre House,  
The Merion Centre,  
Leeds LS2 8NA.  
Tel: (0532) 420303  
Wise Speke & Co.,  
Provincial House,  
28 Albion Street,  
Leeds LS1 6HX.  
Tel: (0532) 459341

LINCOLN  
Hill Osborne & Co.,  
Royal Insurance Building,  
Silver Street,  
Lincoln LN2 1DU.  
Tel: (0522) 28244

MANCHESTER  
Henry Cooke Lumsden Ltd.,  
P.O. Box 369,  
1 King Street,  
Manchester M60 3AM.  
Tel: 061-834 2332

MIDDLESBROUGH  
Stancliffe Limited,  
P.O. Box 84,  
City House,  
206-208 Marton Road,  
Middlesbrough,  
Cleveland TS4 2JE.  
Tel: (0642) 249211

NEWCASTLE  
Wise Speke & Co.,  
Commercial Union House,  
39 Pilgrim Street,  
Newcastle upon Tyne  
NE1 6RQ.  
Tel: 091-261 1266

NORWICH  
Margitts & Addenbrooke,  
St Cuthbert's House,  
7 Upper King Street,  
Norwich NR3 1RB.  
Tel: (0603) 632904

PLYMOUTH  
Westlake & Co.  
(Stockbrokers) Limited,  
Princess House,  
Eastlake Walk,  
Plymouth PL1 1HG.  
Tel: (0752) 220971

WINCHESTER  
Cobbold Roach & Co.,  
Calpe House,  
St Thomas Street,  
Winchester SO23 8BJ.  
Tel: (0962) 52362

BANKS  
In addition, Bank of Scotland, Barclays Bank PLC, Lloyds Bank Plc, Midland Bank plc, National Westminster Bank PLC and Ulster Bank Limited have confirmed that, until 20th February, 1987, the same dealing arrangements will apply to sales and purchases of letters of acceptance on normal trade terms arranged through their U.K. bank branches. Until 6th February, 1987 National Westminster Bank PLC will also be offering a service for buying and selling British Gas shares (subject to a maximum of 5,000 shares per transaction) for immediate settlement through approximately 250 selected branches in major locations.

## F. UNITED KINGDOM STAMP DUTY AND STAMP DUTY RESERVE TAX

1. The Inland Revenue has confirmed that under existing law:

- (a) although acceptance of applications under the Offer for Sale will give rise to stamp duty reserve tax or stamp duty the Secretary of State has agreed, save as indicated in paragraph 3 below, to pay this and purchasers need take no action;
- (b) an agreement to sell shares, letters of acceptance or Interim Certificates will give rise to a charge to stamp duty or stamp duty reserve tax at 50p per £100 (or part) of the price payable under the sale. Such stamp duty reserve tax is the liability of the purchaser and stamp duty is also usually paid by him. Where the purchase is effected through a member of The Stock Exchange or a qualified dealer, the Stock Exchange member or qualified dealer concerned will generally collect the stamp duty reserve tax or stamp duty; and
- (c) no stamp duty or stamp duty reserve tax is otherwise payable on the issue of renounceable letters of acceptance or Interim Certificates or on the registration of renunciation of letters of acceptance.

2. Under the Instalment Agreement, the Secretary of State has agreed to pay (subject to paragraph 3 below) all stamp duty and stamp duty reserve tax on the transfer of Ordinary Shares or entitlements to Ordinary Shares to the Custodian Bank and the transfer of Ordinary Shares by the Custodian Bank to persons entitled to them under the Instalment Agreement.

3. Special rules apply to members of The Stock Exchange. Persons connected with depositary receipt arrangements and clearance services are also subject to special rules and must themselves account for all stamp duty reserve tax on acceptance of their applications. The Inland Revenue has stated that agreements to transfer shares, letters of acceptance or Interim Certificates to charities will not give rise to stamp duty or stamp duty reserve tax.

## SECTION X

## TERMS AND CONDITIONS

1. Acceptance of applications will be conditional on (i) the Ordinary Shares, issued and to be issued, being admitted to the Official List of The Stock Exchange not later than 31st December, 1986, and (ii) the provisions relating to termination of the U.K. Underwriting Agreement referred to in Part G of Section VII of the full Prospectus dated 21st November, 1986 comprising the listing particulars relating to British Gas plc (the "Prospectus") not being implemented. Application money will be returned (without interest) if either of these conditions is not satisfied and, in the meantime, if presented for payment, will be kept by a receiving bank in a separate account. Rights are reserved for the Secretary of State and his agents to present for payment and otherwise process all cheques and bankers' drafts received and to have full access to all information relating to, or deriving from, such cheques, bankers' drafts and the processing thereof. The right is also reserved to treat as valid any application not in all respects completed in accordance with the instructions accompanying the relevant application form.

2. Acceptance of an application by an eligible investor who has elected for the share bonus or the bill vouchers will entitle that investor to the share bonus or bill vouchers (as the case may be) on the terms, and subject to the conditions, set out in Section VIII of the Prospectus.

3. A valid application made by or on behalf of a person who is eligible for the Customer Share Scheme on a green customer application form delivered to that person by or on behalf of the British Gas Share Information Office will, subject to these terms and conditions, be accepted to the extent described in paragraph 2(b) of Part A of Section IX of the Prospectus.

4. By completing and delivering an application form, you:

- (a) offer to purchase from the Secretary of State the number of Ordinary Shares specified in your application form (or such smaller number for which the application is accepted) on the terms of, and subject to the conditions set out in the Prospectus and the Instalment Agreement (and, in due course, subject to the Memorandum and Articles of Association of the Company) and agree to become a party to and be bound by all relevant provisions of the Instalment Agreement;
- (b) as a collateral contract between you and the Secretary of State which will become binding on despatch to or receipt by a receiving bank of your application and in consideration of the Secretary of State agreeing that he will not, prior to 1st January, 1987 offer any of the Ordinary Shares to any person other than by means of one of the procedures referred to in the Prospectus:
  - (i) agree that your application cannot be revoked prior to 1st January, 1987; and
  - (ii) warrant that your remittance will be honoured on first presentation and agree that any letter of acceptance and any moneys returnable may be held pending clearance of your payment;
- (c) (if you complete a box to apply for bill vouchers or the share bonus) thereby:
  - (i) warrant that you are eligible to do so in accordance with the provisions set out in Part A of Section VIII of the Prospectus;
  - (ii) agree that, if you elect for bill vouchers, you will comply with the conditions of use thereof set out in paragraph 1(b) of Part B of Section VIII of the Prospectus; and
  - (iii) agree that, if you complete both boxes, you will be deemed to have elected for the share bonus only;



British Gas plc

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## TERMS AND CONDITIONS. continued—

- (d) (if you make an application under the Customer Share Scheme) thereby warrant that:
- (i) you, or if you are a nominee, all persons for whose benefit the application is made, are eligible for the Customer Share Scheme in accordance with the provisions set out in paragraph 2(a) of Part A of Section IX of the Prospectus; and
- (ii) so far as you are aware, no other application has been made under the Customer Share Scheme in respect of the same separately metered gas supply as that in respect of which your application is made;
- (e) declare that you are not a U.S. or Canadian person and you are not applying on behalf of any such person. "U.S. or Canadian person" having the meaning set out in paragraph 4 of Part A of Section IX of the Prospectus;
- (f) agree that all applications, acceptances of applications and contracts resulting therefrom under this Offer for Sale shall be governed by and construed in accordance with the laws of England;
- (g) warrant that:
- (i) (if this application is made for your own benefit) no other application is being made for your benefit by you or by anyone applying as your agent or, so far as you are aware, by any other person;
- (ii) (if the application is made by you as agent for or for the benefit of another person) no other application for the benefit of that person is being made by you or, so far as you are aware, by that person or by any other person; and
- (iii) if you sign the application form as agent for someone else, you have due authority to do so on behalf of that person;
- (h) agree that, in respect of those Ordinary Shares for which your application has been received and processed and is not rejected, acceptance of your application shall be constituted, at the election of the Secretary of State, either (i) by notification to The Stock Exchange of the basis of allocation (in which case such acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the relevant receiving bank;
- (i) authorise the relevant receiving bank and the Custodian Bank to send a letter of acceptance for the number of Ordinary Shares for which your application is accepted and/or a cheque for any money returnable by post at your risk to the address of the person (or the first-named person) named in the application form and to procure that your name (and the name(s) of any other joint applicant(s)) is placed on the register of holders of interim rights in respect of such Ordinary Shares the entitlement to which has not been effectively renounced and thereafter to procure that your name (and the name(s) of any other joint applicant(s)) is placed on the register of members of the Company in respect of such Ordinary Shares the entitlement to which is evidenced by Interim Certificates and the right to which has not been effectively transferred; and in these terms and conditions references to rights being effectively renounced mean the renouncee(s) being registered by a receiving bank in relation to such rights;
- (j) agree that all documents in connection with the share bonus or bill voucher arrangements may be sent by post at your risk to the person (or, in the case of joint applicants, the first person) named in the application form to his or her address set out therein or such other address as may from time to time appear in the register of holders of interim rights or the register of members of the Company against the name of such person;
- (k) agree that time of payment by you shall be of the essence of each contract constituted by acceptance of your application and undertake to pay the second instalment by, and for value not later than, 3 p.m. on 9th June, 1987 and the final instalment by, and for value not later than, 3 p.m. on 19th April, 1988 for the Ordinary Shares in respect of which your application is accepted and the right to which has not been effectively renounced or transferred in accordance with the Instalment Agreement by you prior to the relevant time and date;
- (l) agree that, without prejudice to any other rights to which you may be entitled, you will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application; and
- (m) confirm that, in making your application, you are not relying on any information or representation in relation to British Gas or the Offer for Sale other than information and representations contained in the Prospectus or in the mini prospectus published in connection with the Offer for Sale taken together with the Prospectus (the "prospectuses") and accordingly you agree that no person responsible for the prospectuses shall have any liability for any such information or representation other than as aforesaid.

21st November, 1986

## INSTRUCTIONS FOR RETURN OF YOUR APPLICATION FORM

SEND YOUR COMPLETED APPLICATION FORM BY POST (OR DELIVER IT BY HAND) TO ARRIVE NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 3RD DECEMBER, 1986 at the appropriate address immediately below according to the first letter of your surname (or corporate name) inserted in Box 1.

- A to C** Bank of Scotland  
New Issues Department,  
Apex House,  
9 Haddington Place,  
Edinburgh EH7 4AL  
or, by hand only, to  
38 Threadneedle Street,  
London EC2.
- D to F** Barclays Bank PLC  
New Issues,  
P.O. Box 123,  
Fleetway House,  
25 Farringdon Street,  
London EC4A 4HD.
- G to J** Lloyds Bank Plc  
Registrar's Department,  
Goring-by-Sea, Worthing,  
West Sussex BN12 6DA  
or, by hand only, to  
Registrar's Department,  
Issue Section,  
11 Bishopsgate,  
London EC2.
- K to M** Midland Bank plc  
Stock Exchange Services  
Department,  
Mariner House,  
Pepps Street,  
London EC3N 4DA.
- N to S** National Westminster Bank PLC  
New Issues Department,  
P.O. Box 79,  
2 Princes Street,  
London EC2P 2BD.
- S to Z** The Royal Bank of Scotland plc  
Registrar's Department,  
P.O. Box 435,  
8 Bankhead Crossway North,  
Edinburgh EH1 4BR  
or, by hand only, to  
New Issues Department,  
24 Lombard Street,  
London EC3.

USE FIRST CLASS POST AND ALLOW AT LEAST  
TWO DAYS FOR DELIVERY

OR TAKE IT BY HAND TO ARRIVE BEFORE CLOSE OF  
BUSINESS ON TUESDAY, 2ND DECEMBER, 1986 at any  
U.K. branch of National Westminster Bank PLC, Bank of Scotland,  
or Ulster Bank Limited.

ADDITIONAL RECEIVING CENTRES  
(open for deliveries by hand until  
10.00 a.m. on Wednesday, 3rd December, 1986):

- Aberdeen**  
The Royal Bank of Scotland plc,  
40 Albyn Place, Aberdeen.
- Belfast**  
Ulster Bank Limited,  
Investment Div.,  
88-90 High Street, Belfast.
- Birmingham**  
National Westminster Bank PLC,  
103 Colmore Row,  
Birmingham.
- Brighton**  
Lloyds Bank Plc,  
174-73 North Street,  
Brighton.
- Bristol**  
National Westminster Bank PLC,  
32 Corn Street, Bristol.
- Cambridge**  
Lloyds Bank Plc,  
3 Sidney Street,  
Cambridge.
- Cardiff**  
National Westminster Bank PLC,  
117 St. Mary Street,  
Cardiff.
- Channel Islands**  
Lloyds Bank Plc,  
9 Broad Street,  
St. Helier, Jersey.
- National Westminster Bank PLC**  
35 High Street,  
St. Peter Port,  
Guernsey.
- Dundee**  
Bank of Scotland,  
11-19 Reform Street, Dundee.
- Edinburgh**  
The Royal Bank of Scotland plc,  
34 Fettes Row, Edinburgh.
- Glasgow**  
Bank of Scotland,  
110 St. Vincent Street,  
Glasgow.
- The Royal Bank of Scotland plc**  
98 Buchanan Street,  
Glasgow.
- Inverness**  
Bank of Scotland,  
9 High Street, Inverness.
- Leeds**  
Barclays Bank PLC,  
28 Park Row, Leeds.
- Liverpool**  
Barclays Bank PLC,  
4 Water Street,  
Liverpool.
- Manchester**  
National Westminster Bank PLC,  
55 King Street,  
Manchester.
- Newcastle upon Tyne**  
Barclays Bank PLC,  
Collingwood Street,  
Newcastle upon Tyne.
- Northampton**  
Midland Bank plc,  
3 Wood Hill,  
Northampton.
- Norwich**  
Barclays Bank PLC,  
Bank Plain, Norwich.
- Nottingham**  
Barclays Bank PLC,  
Old Market Square,  
Nottingham.
- Oxford**  
Midland Bank plc,  
65 Cornmarket Street,  
Oxford.
- Plymouth**  
Midland Bank plc,  
4 Old Town Street,  
Plymouth.
- Sheffield**  
Midland Bank plc,  
Market Place,  
Sheffield.
- Shrewsbury**  
Midland Bank plc,  
33 High Street,  
Shrewsbury.
- Southampton**  
Lloyds Bank Plc,  
19-21 High Street,  
Southampton.

## GUIDE ON HOW TO COMPLETE THE PUBLIC APPLICATION FORM

If you wish to apply under the Customer Share Scheme, you must complete the GREEN FORM sent to you by the British Gas Share Information Office. Or, if you have received a personalised ORANGE FORM, you should complete that form. Otherwise, please use the APPLICATION FORM below. REMEMBER THAT ONLY ONE APPLICATION MAY BE MADE FOR THE BENEFIT OF ANY PERSON.

Put in Box 1 your full name and address (please use block capitals).

Applications must not be made by anyone under 18, but a parent, grandparent or guardian of a child under 18 may apply for the benefit of that child. To do this, you should put your own name in Box 1, and after your surname write "A/C" followed by the full names of the child. You are not thereby precluded from making a single application for your own benefit.

If you wish to apply jointly with another adult, see Note 7.

Put in Box 2 (in figures) the number of shares for which you are applying. You may only apply for one of the numbers of shares set out below. Applications for any other number of shares will be rejected.

Number of shares you are applying for	Amount you pay now (£5p per share)	Your total investment (£135p per share)
100	£50	£135
200	£100	£270
300	£150	£405
400	£200	£540
500	£250	£675
600	£300	£810
700	£350	£945
800	£400	£1,080
900	£450	£1,215
1,000	£500	£1,350
1,500	£750	£2,025
2,000	£1,000	£2,700
2,500	£1,250	£3,375
3,000	£1,500	£4,050
3,500	£1,750	£4,725
4,000	£2,000	£5,400
4,500	£2,250	£6,075
5,000	£2,500	£6,750

Above 5,000 shares, applications must be in the following denominations:

Applications	Multiples of
5,000 to 10,000 shares	1,000 shares
10,000 to 50,000 shares	5,000 shares
50,000 to 100,000 shares	10,000 shares
over 100,000 shares	50,000 shares

Using the middle column of the table above, put in Box 3 (in figures) the amount you pay now.

Payment is in three instalments. The second instalment of 45p per share is payable by 3 p.m. on 9th June, 1987 and the final instalment of 40p per share by 3 p.m. on 19th April, 1988. You will be sent a reminder about the second and final instalments before they become due.

For bill vouchers, put "YES" in Box A. For the share bonus, put "YES" in Box B. COMPLETE ONE BOX ONLY.

If you complete both boxes you will be deemed to have applied for the share bonus only. If you do not complete either box you will not receive bill vouchers or the share bonus. Before making your choice, you should read the details of the special incentives set out in Section VIII of the Prospectus (including, if necessary, the arrangements for nominees' applications on behalf of others). Once the application form is submitted your choice may not be changed.

Sign and date the form in Box 5.

The application form may be signed by someone else on your behalf if he is duly authorised to do so, but he must enclose his power of attorney.

A corporation must sign under the hand of a duly authorised official, whose representative capacity must be stated.

## WARNING

Only one application may be made for the benefit of any person. Criminal proceedings may be instituted against anyone knowingly making or authorising more than one application for the benefit of any person.

Pin to Box 6 a cheque or bankers' draft for the exact amount you have entered in Box 3. Your cheque or bankers' draft must be made payable to "British Gas Share Offer". Please ensure that it is crossed and write on it "Not Negotiable".

Your payment must relate solely to this application. No receipt will be issued. Your cheque or bankers' draft must be drawn in sterling on an account at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner. If you do not have a cheque account, you can obtain a cheque from your building society or a bank branch.

An application may be accompanied by a cheque drawn by someone other than the applicant(s), but any moneys returned will be sent by cheque crossed "Not Negotiable A/C Payee Only" in favour of the applicant(s).

## JOINT APPLICANTS

You may apply jointly with up to three other people, provided each applicant is aged 18 or over. They should complete and sign Box 7. Power(s) of attorney must be enclosed if anyone is signing on behalf of any joint applicant(s).

You must return your completed application form, together with your cheque for the first instalment, so as to arrive by 10 a.m. on Wednesday, 3rd December, 1986.

British Gas plc  
PUBLIC APPLICATION FORM

To The Secretary of State for Energy · National Westminster Bank PLC  
N M Rothschild & Sons Limited · British Gas plc

Before completing this form, please read carefully the accompanying guide.

## PLEASE USE BLOCK CAPITALS

Mr, Mrs, Miss or title	Forename(s) (in full)
Surname	
Address	
Post code	

I/We offer to purchase

Ordinary Shares

in British Gas plc on and subject to the Terms and Conditions set out in the Prospectus comprising the Listing Particulars dated 21st November, 1986

and I/we attach a cheque or bankers' draft for the amount now payable of

£

I/We wish to receive

Bill vouchers

Share bonus

A

or

B

PLEASE WRITE "YES" IN ONE BOX ONLY

I declare that to my knowledge this is the only application made for my benefit (or that of the person(s) for whose benefit I am applying).

Date	Signature
1986	

Pin here your cheque/bankers' draft for the amount in Box 3, payable to "British Gas Share Offer" and crossed "Not Negotiable".

## JOINT APPLICANTS

The first applicant should sign Box 5. Using BLOCK CAPITALS, insert below the names of the other joint applicants, who must sign in the right hand column.

I/We join in this application and give the declaration set out above.

Mr, Mrs, Miss or title	Forename(s) (in full)	Surname	Signature
2nd joint applicant			
3rd joint applicant			
4th joint applicant			

## FOR OFFICIAL USE ONLY

Those claiming commission or reimbursement of commission should stamp both boxes applicable to them.

Stamp of person claiming commission and VAT reg. no.	Stamp of other intermediary claiming reimbursement of commission and VAT reg. no.	Stamp of person claiming commission and VAT reg. no.	Stamp of other intermediary claiming reimbursement of commission and VAT reg. no.
(If not registered for VAT, put "none")	(If not registered for VAT, put "none")	(If not registered for VAT, put "none")	(If not registered for VAT, put "none")
Acceptance no.	Shares accepted	Acceptance no.	Shares accepted
Commissions calculated		Commissions calculated	



## SQUASH RACKETS

## Old lion shows his teeth and awakens British pride

By Colin McQuillan

While Jahangir Khan and Ross Norman, the two young lions of the international tournament circuit, were battling in Zurich last night, the greying, but far from toothless, Jonah Barrington, was displaying in Bristol interesting intimations of a new national pride.

Barrington is 45 now. He carries the claw marks and the tissue damage of a thousand combative encounters. In his day he was greatly feared as a man who could tear the competitive heart from opponents through sheer physical demand — but also as a great gentleman, a winner magnanimous enough to share his glory with the vanquished.

At Bristol he is still alive in both the over-35 and over-45 sections of the InterCity national championships, staged on the all-transparent Perspex court, specially moulded on the railbed of Brunel's famous Great Western terminus at Temple Meads Station. He has played six matches in two days to reach finals against Mousa Helal today, and Mohammed Yasin, on Thursday — a 36-year-old former Egyptian, and a 47-year-old former Pakistani, both now of

British nationality — who share an alarmingly sprightly and talented approach to this most demanding of games.

They are smooth-skinned and supple compared to Barrington, whose many victories were paid for in courage and commitment as much as skill. The old Cornwall-born, lion warrior now lives in Somerset with the arthritic aches and pains which came with the trophies.

Even in these championships he has travelled through six straightforward, but lengthy, battles with severe bursts in the feet. The solo "ghosting" sessions needed before every match to release stiffening joints have extended round by round. The official physiotherapist, Brian Gamt, is never far away.

Of the last eight men left in the main event at Bristol, only three were seeded to be there, and five of them have current or historic connections to Barrington. The old lion for some reason finds little pragmatic approval from the official national structure, but his personal influence is strangely pervasive at these championships.

## BASKETBALL

## Cup draw gauntlet for leading rivals

By Nicholas Harring

Hopes that the two clubs which featured in the most memorable cup final of all would be kept apart for a possible second time were dashed on December 15 ended yesterday when the draw for the Prudential national cup semi-finals was made.

Team Polycell Kingston and Sharp Manchester United, who in 1985 became the first teams in the world to meet in the final, were paired together in the second semi-final to be played at Birmingham on Sunday when the draw was made in the four-part series.

The consolation is that with the formidable Portsmouth squad facing the surprise team, newly-promoted Calderdale Explorers in the first semi-final, there should be no likelihood of the cup final proving an anti-climax, which has been the case on five of the eight occasions.

With Brown, their versatile American, back from his broken leg, assuming he comes through tomorrow's Carlsberg national league game at HomeSports Bolton safely, United will be tougher opponents than two weeks ago when Kingston defeated them by nine points in a first division game.

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Vivien Saunders: her expensive purchase has put an end to the days of sex discrimination

## Golf club changes hands to the birthday girl for £1m

## New owner wastes no time putting her privilege to use

By Mitchell Platt

Vivien Saunders yesterday gave the well-worn locker room joke about buying a golf club another twist when she became the new owner of the Eynesbury Harwood Club south of 50 Notts on the Cambridgeshire and Bedfordshire border. The former British Women's Open champion celebrated her fortieth birthday with a £1million investment. "I haven't got any partners apart from the Midland Bank," she said.

Then Miss Saunders, who matured from a temptress club-flopping amateur into a pioneer of the British women's professional game, kept faith with the ladies' privileges by making her first day that of changing the club's name: "Eynesbury Harwood sounds appalling. From now on it will be called the Abbotsley Golf and Squash Club."

Abbotsley is the next village along the road from the club which comprises an 18-hole golf course, constructed during the 1970s, a floodlit-covered driving range, with another 20 acres of practice ground, six squash courts and a club-house.

"It also has a six-bedroomed listed farmhouse, part of which dates from the twelfth century, with planning permission to develop this site and adjoining buildings into a hotel," Miss Saunders added. "That part of it will be too big a commercial project for me, so another owner will be involved."

The purchase of the club marks the start of another exciting golfing chapter in the life of the mercantile Miss Saunders. Ten years ago she abandoned plans to become a club professional after being rejected 26 times.

Miss Saunders, who turned professional in 1969, after obtaining Cardis Cup honours, had become the first British player to earn playing privileges on the US circuit and the first woman to qualify through the PGA training school. She also has a BSc and PhD in psychology and a Masters degree in business administration.

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Quite recently Mickey Walker and Jenny Lee Smith, both leading professionals on the Women's PGA circuit, entered the predominantly male world of the club golf professional but as Miss Saunders said: "Back in 1975 it was unthinkable for a woman to hold such a job."

"So I remained and qualified as a solicitor. I wanted to be a tax lawyer but I got sidetracked into being a divorce lawyer. But when two of my retained clients committed suicide I decided that I could no longer take that kind of responsibility of people's lives. I saw the golf club advertised in Country Life: it was the perfect chance to devote my energies once again to golf."

Miss Saunders, who writes several important books on the sport including "The Complete Woman Golfer" and "The Golfing Mind" is now the Victorian team to the English Ladies' Golf Association.

"I will be working full time at Abbotsley from early next month," she added. "I want to develop it into a national training centre, although I respect that it is a members club first and foremost."

## YACHTING

## Record satisfaction for Poupon

Paris (AP) — Philippe Poupon, the Frenchman in the British-designed F1000, crossed the finish line in Pointe-a-Pitre, Guadeloupe, early yesterday to win the Route du Rhum Transatlantic single-handed race in record time.

Poupon covered the 4,225 miles in 22 days, 15 hours, 14 minutes and 57 seconds to smash Marc Pajot, the French Kiss America's Cup skipper's mark of 18 days and 18 hours in 1982.

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But Yves Fancouner, of France, was named the winner after diverging to help another racer in difficulty. Bruno Peyron, another Frenchman in the catamaran Ericsson, is expected to finish second today.

Mike Birch, the Canadian winner of the first race in 1978, looked like holding third place in his catamaran Tag-Heuer, ahead of Lionel Poon, the Frenchman and a recent winner of the Whitbread round-the-world crewed race.

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## FOOTBALL

## Agnelli favours more imported players in Italy

By Simon O'Hagan

AC Milan's decision to release Ray Wilkins and Mark Hateley at the end of the season comes, ironically, in the wake of an appeal by Gianni Agnelli, the Fiat car magnate whose family own Juventus, to increase from two to three the number of foreign players allowed to play for Italian clubs.

Frontiers must be reopened to improve the current technical level in the Italian championship," is Agnelli's contentious belief, challenging as it does the more widely held view that the presence of overseas "stars" is doing exactly the opposite.

Italy's relatively poor showing in the World Cup finals in Mexico was blamed by some on the lack of indigenous midfield talent. A generation of players was being held back, it was felt, by the presence in Italian football of the likes of Maradona, Platini, Bonetti, Zico, Rummenigge, Wilkins, Souness, Brady and Elkjaer.

Businessman that he is, Agnelli clearly believes that this sort of competition can only be for the good of the game in his country. The Italian Football Federation seem to be coming round to his view. Their ban on overseas imports is to be lifted next year and they are considering allowing three foreigners to play in the same team.

Not surprisingly, it is the big clubs — with their huge financial resources — who are supporting the idea, while the smaller ones fear they will be squeezed out.

The impending arrival of Ian Rush at Juventus certainly seems to have acted as a goad on Serena, the club's international forward. He scored one goal and laid on the other in the 2-1 victory by Juventus over Atalanta on Sunday, but afterwards lamented: "I always have to fight to keep my place in the team. The fans here don't love me as they know that when Rush arrives at the end of the season I could well leave."

Juventus's victory keeps them in second place, two points behind Napoli, whose triumphant run continued with a 4-0 win at home to Empoli.

Udinese also found plenty to celebrate in a goalless draw against Sampdoria; the result meant they had finally wiped clean the slate after starting the season with a nine-point deficit arising from their involvement in game-fixing.

It was a good weekend for 10 men sides in Spain. Barcelona and Miguel sent off but still beat Real Sociedad 1-0 to stay top, while Real Madrid's challenge faltered when Valladolid, for whom Hierro was dismissed, held them to a 1-1 draw.

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hear a club official make an unsolicited attack on a referee and then refuse to substantiate it.

Not is it much fun to see irresponsible players who, by their thoughtless actions, create in the space of a few seconds controversy which transcends the good things performed in the other 75 minutes of the game. It is easy to blacken the name of the game, harder to examine what is good about it. I worry sometimes about why we enjoy certain matches; for instance, why was the game in Nantes between the two French League sides such a gripping affair? Was it for the brief flashes of exceptional skill, which passed so quickly that if you blinked you missed them? Or was it the calculated fury of the French forwards, heedless of personal risk or damage to the opposition, which conjures up the same desire to see hurt inflicted on, presumably, motivated crowds at the stadium?

There has to be a limit within a game where there are so many inherent risks, a limit accepted by those who play, those who organize and those who watch. Those who would inflate or expand those limits to injurious proportions do rugby and

... ..

mond on Saturday — and in deciding which midfield combination to go for.

Ideally, they would like to see John Buckton in action for Saracens against Leicester, but Buckton's comeback match on Saturday, in a third-team game against Imperial College, London, was called off and both the club and player may wish for a gentler return after a three-month absence than against a team whom Saracens have never beaten.

## Teague out of South West team

Teague, who was capped three times by England, was named in the squad of 28 for tonight's game but has not been to training camp. "I don't know if I will play even if I selected to meet the North at Watford on December 14," he says.

"The selectors trained me like a first-team player in the second team season and I cannot survive in the first team," Teague said. "They put me in the squad last season, but when I came back I was not on the team. I was in the bench and I lost my first team position at Cardiff."

"I realize that by pulling out I might have cut my throat as far as my international selection is concerned," he said. "But I am not playing well enough for Gloucester at the moment to get picked in England."

Teague, who has been

The selectors will look to Simpson's club colleague Dave Egerton — providing he has recovered from the back injury which has sidelined him all season — in time for the first match. If not, they will have to call up Paul Collings, of Bristol.

... ..

AMERICAN CONFERENCE						
<b>Eastern Division</b>						
at New York Jets	W	1	T	FFA		
at Houston Oilers	W	10	1	0	303	233
at Oakland Raiders	W	3	0	0	226	250
at Buffalo Bills	W	3	0	0	282	273
at Minnesota Vikings	W	3	0	0	244	252
<b>Central Division</b>						
at Pittsburgh Steelers	W	8	4	0	274	258
at Cincinnati Bengals	W	8	4	0	276	263
at Cleveland Browns	W	8	4	0	276	263
at Kansas City Chiefs	W	8	4	0	276	263
at Denver Broncos	W	3	0	0	225	272
<b>Western Division</b>						
at Denver Broncos	W	9	3	0	257	191
at Oakland Raiders	W	9	3	0	255	258
at San Francisco 49ers	W	9	3	0	255	258
at Seattle Seahawks	W	9	3	0	222	289
at Los Angeles Rams	W	9	3	0	252	212
NATIONAL CONFERENCE						
<b>Eastern Division</b>						
at New York Giants	W	10	2	0	244	174
at Philadelphia Eagles	W	10	2	0	244	174
at Dallas Cowboys	W	7	5	0	291	250
at Washington Redskins	W	7	5	0	176	255
at Baltimore Colts	W	7	5	0	244	174

Central Division		W	L	T	PPFA
Chicago Bears		10	2	0	251 140
Minnesota Vikings		6	6	0	278 214
Detroit Lions		5	7	0	201 219
San Diego Chargers		2	10	0	188 338
Green Bay Packers		2	10	0	159 284
Eastern Division		W	L	T	PPFA
Los Angeles Rams		8	4	0	218 193
San Francisco 49ers		7	4	1	280 178
New Orleans Saints		6	8	0	210 193
Atlanta Falcons		5	6	1	208 218

\* Does not include last night's game: Atlanta Dolphins vs. New York Jets



South Carolina. Just last month she won the Pretty Polly Classic in Brighton by beating Catarina Lindqvist.

"It's been a long season. Playing singles and doubles" (in which she has formed a successful partnership with Gabriela Sabatini) "and winning so many matches is difficult. I don't feel

Now she plans to play an exhibition with Hana Mandlikova, practise a little with her coach Pavil Slozil and then take two weeks off without picking up a racket.

"That two weeks will be hard, I'll be getting bored," she grinned. "I will also do some conditioning and play some basketball or a little soccer or hockey just for fun."

**VIRGINIA SLIMS CHAMPIONSHIP:** Singles final: M Navratilova (US) bt S Graf (WG), 7-6, 6-3, 6-2.

## s Racers

Lee Valley Lions kept up their winning ways in a surprisingly close game at Richmond, but Trafford Metros (formerly Altrincham Aces) returned to the top of the division following away wins over Irvine Wings and Glasgow Eagles.

the only 100 per cent record in the division with an easy home win over Blackpool Seagulls, while Telford Tigers maintained their challenge with an 11-5 win against Sunderland Chiefs.

Bruins 7; Whitley Warriors 1; Dundee  
 Rockets 15; Cleveland Bombers 0; Dur-  
 ham Wasps 8; Fife Flyers 6; Murrayfield  
 Racers 17; Solihull Barons 5; Streatham  
 Redskins 6; Nottingham Panthers 10.  
 First division: Blackpool Seagulls 12;  
 Oxford City Stars 5; Irvine Wings 8;  
 Trafford Metros 15; Slough Jets 7;  
 Bourneville Stags 1; Sunderland Cheetahs  
 5; Telford Tigers 11; Swindon Wildcats 8;  
 Southampton Vikings 14; Glasgow Eagles  
 5; Trafford Metros 9; Medway Bears 10;  
 Slough Jets 7; Peterborough Pirates 14.

## Team sweep

**MIDLANDS TEAM:** M Burrows (Derbyshire), A Goecher (Northamptonshire), L Bayliss (Staffordshire), K Lobb (Leicestershire), E McVey (Bedfordshire), S Wright (Leicestershire), C Frye (Warwickshire). J

Stannish (Warwickshire), K. Gordon (Leicestershire), J. Watkins (Staffordshire), J. Swainerton (Staffordshire).  
SOUTH TEAM: D. Orford (Surrey), J. Thompson (Berkshire), M. Fleming (Middlesex), J. Britton (Surrey), K. Dodd (Berkshire), S. Fryer (Berkshire), S. Russell (Middlesex), H. Slater (Middlesex), M. Hoades (Surrey), J. Mitchell (Buckinghamshire), L. Hooley (Berkshire), A. Pemberton (Middlesex).



CRICKET: BORDER GIVEN LITTLE ROOM FOR MANOEUVRE

# Demand for change has cut no ice with the Australian selectors

From John Woodcock, Cricket Correspondent, Perth

When choosing their 12 players for the second Test match, starting here on Friday, the Australian selectors resolutely resisted the advice that was being showered upon them. It had been suggested they bring in Whitney or Gilbert, if not both, who bowled New South Wales to victory over England at the weekend, or to recall McDermott, Hookes or O'Donnell.

In fact the only change they have made from the side that lost in Brisbane is to leave out Hughes, who took most wickets for them there (five for 162). In place comes Peter Sleep, a leg-spinning all-rounder from South Australia, whose 17 wickets in the last Australian season cost him 55 runs apiece.

Sleep is 29, and a good natural cricketer — an attractive striker of the ball, a very useful fielder and rather more of a spinner than a roller of his leg breaks. He played four times for Australia, with limited success, between 1978-79 (when Packer was screaming off all the best Australian players he could) and 1982-83, in such diverse places as Bombay, Melbourne, and Faisalabad.

Sleep's three Test wickets cost 381 runs and in eight innings he made 124 with a top score of 64, against India in New Delhi. If he plays on Friday it may be more for his batting (he has scored 10 first-class hundreds) than his bowling. The faster bowlers are usually given most of the work in Perth.

It is the year of the comeback in Australian sport.

Their Open golf championship was won recently by Rodger Davis, who, not so long ago, became sufficiently disenchanted to give up the game for two years. Now Sleep is back after doing the same for the whole of the season before last.

Davis retrieved his clubs from the attic because he had lost most of his money, and Sleep found he missed the fun of playing cricket. For South Australia against the present England side in Adelaide, he made 66 and 27 and took three for 103 in 39 overs.

Lawson holds his place in the 12 without having bowled anything like as effectively as either Whitney or Gilbert for New South Wales, in Newcastle. His performance was partly excused, though, because he was not fit. Reid and Chris Matthews, whose inexperience with the new ball

## Haynes defies fiery Imran

From Richard Streeton, Karachi

A devastating spell of fast bowling by Imran has ensured that the third and final Test match between Pakistan and West Indies ends its final day today with both teams holding a chance of victory. Imran took the last five West Indies wickets in 33 balls at a cost of 10 runs apiece.

West Indies were all out for 211, with Haynes carrying his bat for 88 after an innings which lasted four minutes short of seven hours. Pakistan, needing 213 to win the match, have lost five or more wickets in a Test innings. He dug deep into his stamina to produce a fire and hostility that was remarkable for a man, who on Sunday's rest day was unwell.

Not must the performance of Qadir be overlooked. His stamina and accuracy were remarkable as he returned figures of 32-61-3 and kept the batsmen constantly bemused.

The West Indies resolution to put themselves beyond defeat was evident in the way they scored from each session. Before lunch they scored 52 in 29 overs for the loss of Richardson and Gomes; in the afternoon's two hours, 48 runs came from 29 overs and Richardson and

# FOR THE RECORD

## ATHLETICS

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# TELEVISION AND RADIO

Edited by Peter Dear and Peter Davalle

## Dimming out the picture of protest

Back on the Frontier (ITV, 10.30pm), Francis Gerard's lengthy and comprehensive anatomy of South Africa's racial turmoil, stops well short of the apocalyptic conclusion that the lights are going out all over the Republic. But we actually do see some lights going out during the film, and it occurs during the interview with Winnie Mandela, wife of the imprisoned ANC leader, in full flood, and specifically just as she begins to expand her point about President Botha's stopping at nothing, her house-lights fail. We learn, in Gerard's commentary, that the Army had cut off the power supply, and that the crew filming the interview in Mrs Mandela's home in Soweto, were subsequently taken into detention, and told to leave the township. The wonder is that the

South African military authorities did not similarly interfere with the electricity supply during some of the other interviews we see tonight, when, for example, the editor of an anti-apartheid newspaper, says there is a very thin line between sitting at his desk in Johannesburg and carrying an AK 47, and that the time is not far off when he will say "To hell with newspaper offices. Let's go to the bush. That's where this battle is going to be decided". However, Back on the Frontier is not a one-sided view of apartheid. White South Africans also state their case, but you do not have to be a militant opponent of apartheid to hear the hollow ring in many of their arguments. The blacks, says one farmer, do not have the same

degree of responsibility as the whites. A pity somebody did not ask him: Whose fault is that? There is another anatomy of protest on television tonight, the Forty Minutes film The Dump (BBC2, 7.50pm). This time, it is the Lincolnshire village of Fulbeck whose discontent, earlier this year, approached boiling point because of test drilling to decide whether Fulbeck will be the site of a burial dump for nuclear waste. A leading article in The Times called the protesters middle-class, middle-aged hooligans. There were well over 100 people in Fulbeck, but they are not in evidence tonight. There is the squire who fears for his family's land-owning role as that of a trusteeship for life. There is the rector who enunciates his parishioners' loss of faith in the

word of scientists and politicians. And there are the fete competitors who, suitably disguised, parade as Miss Chernobyl and Miss Three-Mile Island. If there are hooligans in the ranks of the tractor-drivers who block the main roads to deny access to the site-drillers. Radio highlights: Benny Green's indestructible biography of Frank Sinatra tonight concentrates on his frequent retirements (Radio 2, 9.00pm); the cellist Ralph Kirshbaum plays two concertos, the Saint-Saens and Honegger (Radio 3, 12.15pm and 1.05); and Mike Gwillym stars in Gorn's multi-layered play about a 356BC arsonist, Forget Herostatus (Radio 3, 3.30pm).

Peter Davalle



Villagers of Fulbeck combine in an anti-nuclear dumping protest: BBC2, 7.50pm

### BBC1

- 6.30 **Casualty** AML. News headlines followed by The Flintstones (7.55).  
7.00 **Weekend Time** with Frank Bough. Sally Magnusson and Jeremy Posen. News at 7.00, 7.30, 8.00, 8.30 and 9.00; regional news, weather and travel at 7.15, 7.45 and 8.15; weather at 7.25, 7.55 and 8.25.  
8.40 **Wadadigoo**. The way the flotation of British Gas has been handled is examined and also whether the risks of share owning have been made sufficiently clear to the public. 8.55 Regional news and weather. 9.00 News update and Day to Day with Robert Kilroy-Silk. 9.45 Advice Shop. Details of the help available to keep warm in winter. 10.00 **Newsnight**. (7) 10.25 **Philip Schofield** with news of children's television programmes. 10.30 **Play School** (7) 10.50 **Henry's Cat**. (7)  
10.55 **Five to Eleven**. Catherine Giller with a thought for the day. 11.00 **Vegetarian Kitchen**. Sarah Brown with advice on the best way to cook brown rice. (7) 11.25 **Open Air**. Viewers' comments on television programmes. 12.20 **Championship Snooker**. Highlights of yesterday's matches in the Tennants United Kingdom Championship. 12.55 **Regional news and weather**.  
1.00 **One O'Clock News** with Marylin Lewis. Weather. 1.25 **Wednesday**. Weather. Soap opera set in a Melbourne suburb. 1.50 **Stop-Go**. (7)  
2.00 **Film: Our Vines Have Tender Grapes** (1945) starring Edward G. Robinson and Margaret O'Brien. Sentimental tale of life in a Norwegian-American community in Wisconsin, as seen through the eyes of a young girl. Directed by Roy Rowland. 3.40 **Cartoons**. The Looney Tunes.

### BBC2

- 8.00 **Gherber**. This week's edition includes a discussion on food and nutrition. 9.30 **Daytime on Two** apprentices in Austria at work and at play. 9.52 Making a model city of the future, and examining light and dark. 10.15 The story of a boy who befriends a badger. 10.38 Investigating science: solving problems by measurement. 11.00 Clothes for special occasions.  
11.17 **The history of London's Surrey Docks** 11.40 **Wendell**. Part nine. 11.57 **Mathematical investigations**. 12.15 **News**. 12.45 **Part four of the series on political lobbyists**. 1.05 Yesterday's news from Madrid. 1.38 Writing for an audience.  
2.00 **You and Me**. For four- and five-year olds. (7)  
2.15 **Parent Programme**. Investigates a complaint by a parent who claimed she was made unwelcome when she visited her son in hospital. 2.30 **Songs of Praise** from Leeds Parish Church. (7) (Catech)  
3.00 **Championship Snooker**. The start of the third round matches in the Tennants United Kingdom Championship. 3.55 **Regional news and weather**.  
4.00 **The Duggan**. Armstrong with guests Benny Green; antique expert, Tony Curtis; and Rosemary Burr who has advice on buying and selling shares in a day. Plus a song from Randy Crawford.  
4.30 **Championship Snooker**. Further action from the Guild Hall, Preston.  
5.00 **No Limits**. This week's edition of the rock magazine programme comes from Stoke-on-Trent.  
5.50 **The Cage**, by Ray Jenkins. A play about a girl in a high security assessment centre. Starring Anthony York (7)  
7.30 **My Music**. A light-hearted music quiz presented by Steve Rave. With Frank Muir, John Anis, Ian Wallace and Denis Monaghan.  
7.50 **The Dump**. A 40-minute special about the efforts by the villagers of Fulbeck to prevent the area becoming a nuclear waste dump site. The story is told by Janice Robinson. (see Choice)  
8.30 **Food and Drink**. The best kitchen gadgets for under a fiver; supermarket wines compared with branded wines; food additives; and the renaissance of English cooking, are on tonight's menu.  
9.00 **Film: ...and Justice for All** (1978) starring Al Pacino, Jack Warden, and John Forsythe. A satirical look at the American legal system with Pacino playing a young trouble-making attorney who is asked to defend one of his toughest opponents, a judge, who has been accused of rape. Directed by Norman Jewison.

### ITV LONDON

- 9.25 **Thames news headlines**.  
9.30 **Schools Physics** - the laws of motion. 9.55 **What can be learnt from animals?** 10.05 **Street happenings** 10.25 **Britain's responsibilities** 10.40 **Geography** 10.55 **Celebratory music** around the world. 11.27 **The harmful effects of smoking** 11.44 **Poetry with music**.  
12.00 **Kidde on the Turn**. (7) 12.10 **Rebuses**. Learning to keep warm, with the help of puppets. (7) 12.30 **The Sullivan**. Drama serial about an Australian family during the Forties.  
1.00 **News at One** with John Suchet. 1.20 **Thames news**.  
1.30 **Sorrell and Son**. Episode three and Sorrell's career takes off but not sufficiently to impress his son's headmaster. Starring Richard Pascoe, Gwen Watford, and Prunella Ransome. (7) (Oracle)  
2.30 **Daytime**. Sarah Kennedy chairs a studio discussion on the couple of action to take when a member of the family is on hard drugs. Among those taking part is David O'Dowd, brother of Roy George.  
3.00 **Three Little Words**. The last in the quiz game series. 3.25 **Thames news headlines** 3.30 **The Young Doctors**. Medical drama serial set in a large Australian city hospital.  
4.00 **The Giddy Game Show** 4.10 **The Telebugs** 4.20 **C.A.S.** Adventure serial 4.45 **Speech**. Michael Groth examines the world of photography and the latest video techniques.  
5.15 **Blockbusters**. General knowledge game for teenagers, presented by Bob Holness.  
5.45 **News with Alastair Stewart** 6.00 **Thames news**.  
6.25 **Reporting London**. A comparison between the Metropolitan Police's tactics to combat crime with those adopted by their New York counterparts. The reporter is

### TV-AM

- 6.15 **Good Morning Britain** presented by Anne Diamond and Mike Morris. News with Gordon Honeycombe at 6.30, 7.00, 7.30, 8.00, 8.30 and 9.00; financial news at 6.35; sport at 6.40 and 7.40; extended 6.55; cartoon at 7.25; pop music at 7.55; and Jeni Barnett's postbag at 8.35. The After Nine guests include fashion consultant Merrill Thomas.  
12.40 **Night Thoughts** from Leonard Cheshire.

### CHANNEL 4

- 2.35 **Film: Dangerous Venture** (1946) starring William Boyd. A Hopalong Cassidy western adventure in which the cowboy offers to help an archeological expedition searching for Indian relics. Directed by George Archainbaud.  
3.45 **Years Ahead**. Zena Skinner begins the first of a three-part series on basic first aid; there is a critical look at the growth of housing agencies; and an investigation into the many organisations offering older people deals to enable them to raise capital on the value of their homes while remaining living in them.  
4.30 **Countdown**. Yesterday's winner is challenged by Hugh Westbrook, an aspiring thespian from Staines. Richard Whitely is the questionmaster.  
5.00 **Bewitched**. American comedy series about a mere male who marries into a family of witches.  
5.30 **All Sketched Up** includes Betty Foster with advice on crutch conversion numbers. (7) (Oracle)  
6.00 **Remington Steele**. Laura and Remington are almost run down by a driverless vintage car whose four previous owners each had something to hide.  
8.55 **Murder** Buchanansaurus.  
9.00 **Channel 4 News** with Nicholas Owen and Christabel King includes a report from the United States on the Bosley insider dealing scandal. Comment from Susan Flood, a mother and councillor.  
9.00 **Brookside**. Nicholas tells Heather he is selling the car to raise money for treatment in a clinic - but on the way to the bank he meets Charlie.  
9.30 **What It's Worth** introduced by Penny Junor. John Stoneborough tells a travel agency in south London responsible for ruining a number of people's holidays this summer; Bill Breckon is in Oldham talking to pregnant women who have to feed themselves on £10 a week; and David Stafford has the best buys in typewriters.  
9.00 **Film: Harshat and Legs** (1980) starring Kevin Dobson and Sharon Gless. A made-for-television comedy drama about the unlikely romance between a rough New York construction worker and a sophisticated divorcee who lectures on modern sexuality. Directed by Lee Philips.  
10.50 **It Takes a Woman**. Comedy series starring Peter Tiberius.  
11.20 **Sleep**. Mary informs Chester that Danny is really his son and then tells him that he must console a widow to save Danny's life.  
11.45 **Their Lordships' House**. Highlights of the day's debates in the House of Lords. Ends at 12.00.

### VARIATIONS

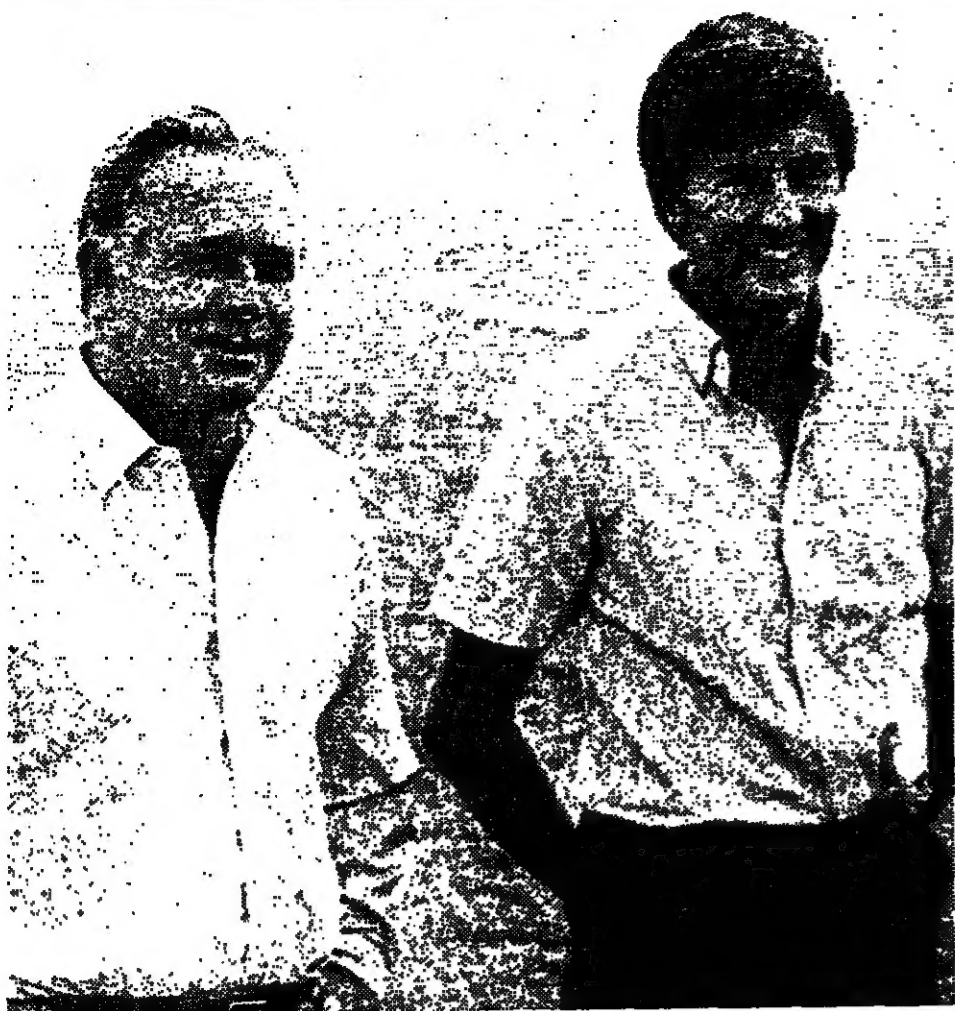
- BBC1** WALES. 6.25-6.40pm Wales Today. 6.55-7.00pm Wales Today. 7.00-7.15pm Wales Today. 7.15-7.30pm Wales Today. 7.30-7.45pm Wales Today. 7.45-8.00pm Wales Today. 8.00-8.15pm Wales Today. 8.15-8.30pm Wales Today. 8.30-8.45pm Wales Today. 8.45-9.00pm Wales Today. 9.00-9.15pm Wales Today. 9.15-9.30pm Wales Today. 9.30-9.45pm Wales Today. 9.45-10.00pm Wales Today. 10.00-10.15pm Wales Today. 10.15-10.30pm Wales Today. 10.30-10.45pm Wales Today. 10.45-11.00pm Wales Today. 11.00-11.15pm Wales Today. 11.15-11.30pm Wales Today. 11.30-11.45pm Wales Today. 11.45-12.00pm Wales Today. 12.00-12.15pm Wales Today. 12.15-12.30pm Wales Today. 12.30-12.45pm Wales Today. 12.45-1.00pm Wales Today. 1.00-1.15pm Wales Today. 1.15-1.30pm Wales Today. 1.30-1.45pm Wales Today. 1.45-2.00pm Wales Today. 2.00-2.15pm Wales Today. 2.15-2.30pm Wales Today. 2.30-2.45pm Wales Today. 2.45-3.00pm Wales Today. 3.00-3.15pm Wales Today. 3.15-3.30pm Wales Today. 3.30-3.45pm Wales Today. 3.45-4.00pm Wales Today. 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## SPORT

## Dream partnership is over

By Michael Seely and Charles Benson



Sangster (left) and Dickinson in their early days at Manton

Robert Sangster last night described the break-up of his association with his private trainer, Michael Dickinson, as "the end of a dream".

Dickinson, the hottest property in racing after breaking all records as a National Hunt trainer, signed for Sangster some two years ago to take over the fabled Manton establishment.

Sangster beat Charles St George and also an Arab syndicate for his signature, and it seemed a shrewd arrangement: Dickinson, young, keen, successful in his field, Sangster the top man in world racing with a battalion of first-class mares and stallion nominations to fuel the furnace of horse-power.

Dickinson toured the world, notebook ever in his hand, learning the new business. He had already been all over Britain and Ireland and taken in France. Now he was in Australia, then the United States. But, even with 46 equine bluebloods in new yards designed for 60 horses, success eluded him.

Sangster, as ever, was patient and philosophical. He

felt he had the right man. He never expected a landslide in the first year, nor, perhaps, even the second. Dickinson's contract extended to October 1990.

But it was not so much the lack of success — four victories in the first season, two of them with one of the older horses bought to help lead and teach the two-year-olds — as the lack of communication which eroded the relationship.

"You could say it was a personality clash, an irretrievable breakdown in relations," explained Sangster last night, sadly, almost embarrassed.

"I love my racing and I enjoy my relationships with my trainers all over the world. When I signed Michael I considered myself lucky to get a genius. But we cannot communicate any more and that takes all the fun out of it."

"I don't blame Michael for everything. He works very hard and he's got his own ideas. He says he will win seven Derbys and show us all. I hope he does — really, I do. But he and I just don't see eye to eye any more."

Ironically, the breakdown has occurred in the past month, some weeks after newspaper reports that all was not well. These reports, though wrong at the time, helped to precipitate the split since Dickinson wanted to sue and Sangster was keen to let sleeping dogs lie.

Dickinson put further pressure on himself to succeed by overspending. The establishment went something like £4

million over budget and stands the owner in at some £14 million plus the substantial expenses incurred by staff which almost exceeds the horses and, of course, the horses themselves.

Dickinson's policy of running valuable two-year-olds for desirous prize money at minor and distant meetings sometimes escaped normal logic, as well as continuously working them on racecourses when he had the best and most varied gallops in England.

The fact that most of the horses that he ran were unable to win at these minor meetings is irrelevant. Just as good for a young horse to enjoy an educational outing at, say, Newbury or Salisbury, both local tracks, than run up huge travelling bills to Pontefract, Hamilton, and Edinburgh, and still get beaten.

And it escaped the owner's comprehension when the trainer ran his most expensive two-year-old, 950,000-dollars-worth, at Chesham, where the colt finished a respectable second, then declared him group two class only to insist, against Sangster's wishes, in running him again in the Midlands for minimal prize money and getting beaten rather than keeping him fresh for next season.

Truly, though, it was the character clash which sealed the fate of the partnership. It was not entirely Dickinson's fault, but he just did not understand Sangster's way of life.

Sangster likes to watch the horses at his trainers' establishments all over the world, then sit down over a glass or two of wine or champagne and plot and plan. Dream, if you like. Many of

the past dreams have come true, too, as two Derby winners, three Arc winners, and success in countless of the world's great races within the past 10 years will testify.

Dickinson had his dreams, too. He is very ambitious, but he doesn't really know how to chew the cud. Early on this year, he announced his intention of keeping "the boss" as he called him, tenuous. Hardly his business, and certainly no way to extract the bubbling best out of Sangster. Another time, in the middle of discussing the horses, he exclaimed: "Right, boss, get padded up. We are going to the nets."

Highly sporting, but not really what Sangster had gone to Manton for.

What now? "We're all allowed one mistake in life," said Sangster last night, adding: "The great thing is not to repeat it." So a successor to Dickinson, once his compensation has been worked out, will be carefully considered. There are candidates all over the world from Australia, South Africa, to California.

## Smith attacks cut in Sports Council grant

By John Goodbody, Sports News Correspondent

John Smith, the chairman of the Sports Council and of Liverpool Football Club, yesterday attacked the government decision to not increasing the Council's grant for next year.

"It is a sad day for British sport. We are very disappointed by the Government's decision to hold our spending to £26,984,000, the present level. This is a real cut in our grant aid of 3.5 per cent," Mr Smith said yesterday. He has written a letter to the Prime Minister to express his dismay.

It is the first time a Sports Council chairman has publicly criticised the Government over funding since it became responsible for distributing money in 1972.

The profound dissatisfaction was shared by Sebastian Coe, a vice-chairman, who said: "The Government's decision will hit the most vulnerable areas of sport. It will be the small community scheme,

the local participation programme, the low-cost facility improvement initiative and the inner city sport projects that will suffer."

It certainly seems a curious decision by the Department of the Environment, who with a budget of £3,500 million cannot make provision for at least the extra £1.3 million which would bring the grant into line with inflation, expected to be about three per cent next year.

If only on the grounds of political expediency it is also odd. After all, the annual conference of the Central Council of Physical Recreation (CCPR) last week heard that 22 million people in Britain participate in some sport at least once a month.

Many, directly or indirectly, are affected by the Government's policy towards sport and will be voters at the forthcoming general election. If the Sports Council continue

their campaign with sufficient vigour this point could be driven home — to the Government's embarrassment and possible loss.

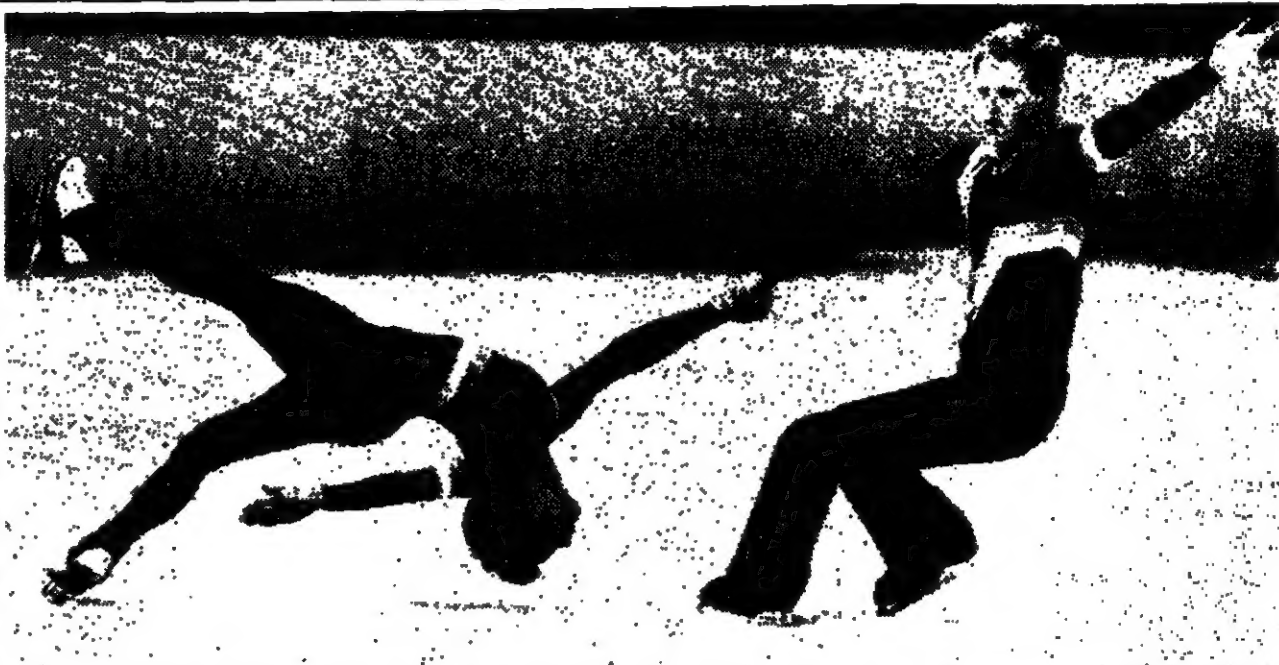
It would have had an initial impetus last week at the CCPR conference if the grant figure had been released while delegates were in Bourne-mouth. Richard Tracey, the Sports Minister, would certainly have had a more frosty reception after his speech to the governing bodies on Thursday.

Instead the grant was only confirmed to the Council on Friday and by that time Tracey was safely back at Westminster and the delegates had dispersed. The timing was immaculate.

Although Tracey did write to the Sports Council last January telling them "not to anticipate any higher level of exchequer funding" for 1987-88, the Council believed that at least inflation would be taken into account. The Department of the Environment evidently did not.

But what has particularly disturbed the Sports Council is that similar organizations have received increases in the budgets. The Department of Environment has given an 8.58 per cent increase to the Countryside Commission (up to £19 million), 3.52 per cent to the English Heritage (up to £64.7 million), and 12.5 per cent to the Nature Conservancy Council (up to £36 million). The Government have also given a 2.519 per cent increase to the Arts Council to £138.4 million.

"It seems as if the Sports Council has been singled out



Cheryl Peake and Andrew Naylor, defending British amateur pairs champions, in a highlight of their routine at Solihull.

## MODERN PENTATHLON Starostin loses title over drugs

By Michael Coleman

Anatoliy Starostin, of the Soviet Union, the world modern pentathlon champion, was among 15 leading competitors in the sport who were banned yesterday from competition for two and a half years for resorting to illegal drug aids this year.

Starostin was caught out after winning his title at Montecatini Terme, Italy, in August. He has, accordingly, been stripped of his crown. It is the most humiliating slap in the face ever administered to the Soviet modern pentathlon hierarchy since Boris Onishchenko was discovered to have rigged the handle of his épée in the Olympic Games of 1976 in Montreal so that it reflected his instead of theirs.

To make matters worse for Moscow, four more of their competitors in Italy also returned positive dope tests, including Oleg Pinkin, the silver medal winner in the world junior championships, and Tatyana Chernetskaya, third in the women's contest. Their disqualifications mean that the Soviet Union has been forced to surrender the team gold medals won in both competitions.

But the Soviet teams were by no means the sole offenders. The ten others found guilty at a "trial" conducted in Stockholm yesterday before the executive board of the sport's governing Union Internationale Pentathlon Moderne et Biathlon were from the United States (two), Poland (five), and Bulgaria (three).

The Bulgarians included Velizar Iliev, who won the world junior crown at Montecatini Terme. He, like Starostin, has been ordered to return his gold medal. The official records of all three contests fought out in Italy will have to be rewritten.

Three of the Poles involved committed their offences at the Birmingham contest in June; the rest of those penalized yesterday took drugs, or were obliged to take them by their trainers, in Italy. All the offences relate to taking a sedative-type substance before the shooting event with the aim of steadying the firing arm on the pistol range.

However, for many in the West the biggest surprise among yesterday's revelations is the listing of the American, Blair Driggs, among the offenders. It was his second offence this year and his controversial inclusion in the world's team led to three team colleagues resigning. The other United States athlete caught was Lori Norwood, twelfth in the women's event.

## Conway takes lead in compulsories

By John Hennessy

Joanne Conway, the holder, won the compulsory figure section of the Tuborg Lager British women's figure skating championship at Solihull yesterday and so acquired the minimum mark of 0.6 points to carry forward to the rest of the competition.

Fiona Hamilton came from virtually nowhere for second place and 1.2 points, with Gina Fulton, last year's junior champion, third on 1.8 points. On these occasions the lower the score the better.

Miss Conway is mature beyond her 15 years and, apart from a small let-down in the second figure, she stood up wonderfully well to the strain of both the cold order of this discipline and the expectations placed upon her young shoulders.

Her trainer, Christa Fassi, has accompanied her from their base in Colorado and seems conspicuously more satisfied with her young protégée than during the St. Ivel competition at Richmond, Surrey, in September. They had both worn worried expressions then, but they both seem notably relaxed at Solihull.

The omens, indeed, are good. The most obvious danger lying in wait is the combination jump in today's short programme. If that hurdle is safely negotiated, Miss Conway will deliver the goods in tomorrow night's free-skating.

Miss Hamilton is that rarity

among sportsmen and women, the possessor of three 'A' levels. University life, however, had no appeal for her, and ice sport is the richer for it. Unfortunately, she has been plagued by injury and, at 20, she is competing for only the second time. Even so, she was beaten by the narrowest possible margin — four judges to three.

Rebecca Powell, whose recent success in a National Skating Association gold medal test, had encouraged the hope of a strong performance here, was sadly disappointed. Apparently suffering from nerves, she dropped from fifth place after the first figure, to tenth after the third.

Compulsory figures provide little spectacle, of course, and as often as not the judges command more attention with the variations in their marks. This competition has thrown up an absolute gem in this context, with one skater, Martha Green of Queens, marked equal first in the third figure by one judge and last of the 21 skaters by another.

Their respective marks were a laudable 3.3 — anything over 3.0 is perfectly respectable in compulsory figures — and an abysmal 1.9. What a pity the two ladies concerned are forbidden from talking to the press.

WOMEN'S COMPULSORY FIGURES: 1, J. Conway (Sunderland and Gillingham), 0.6; 2, P. Hamilton (Surrey), 1.2; 3, G. Fulton (Sunderland), 1.8; 4, J. Fox (Richmond), 2.4; 5, P. Beahrd (Sunderland), 2.6; 6, A. Lewis (Sunderland and Durham), 3.0.

## SPORT IN BRIEF

## Scots toe the line

Random drug tests will be introduced by the Scottish Golf Union in its major tournaments next season. Following a recommendation by the Scottish Sports Council (SSC), the SGU has agreed to undertake tests in senior and youth events.

Competition entry forms will warn players that they may be asked to give a sample for tests, which will be carried out by doctors appointed by the SSC.

## All square

Bloemfontein (Reuter) — The Australian rebel cricketers settled for batting practice yesterday as their three-day match against Orange Free State ended in a draw. The tourists reached 100 for one in the final session, opener Steve Smith hitting an unbeaten 54. The South Africans were dismissed for 367 in reply to the rebels' first innings total of 412 for nine declared.



Gray: No move

## In the dark

Billy McNeill, the Aston Villa manager, played down reports yesterday that Andy Gray is likely to become player-manager of Hibernian, the Scottish premier division side. The Scotland international still has 18 months of his contract to run, at Villa Park, and McNeill said: "We know nothing about the situation at all. Neither Hibs nor any other club has been in communication with us."

## BOXING

## Curry ire at Board stipulation

The British Boxing Board of Control yesterday defended their safety-first policy in a row over Bruce Curry, the former World Boxing Council world light-welterweight champion.

Curry, who once fired a pistol at his trainer, was due to box the British champion, Tony McKenzle in a non-title bout at Bathurst on Saturday. But Frank Warren, the promoter, said the American had refused to provide a psychiatric report for the Board and the fight was off.

Warren maintained: "Curry was incensed by the Board's demand. He reckons that if he has been passed fit by his Boxing Commission, that's good enough, and I agree with him."

John Morris, Board secretary, said: "We have not demanded from Curry himself a psychiatric report, nor would there have been a psychiatrist waiting for him here. What we wanted was a report from his Commission giving full medical clearance and explaining any psychological problems that existed. In view of the incident with the gun, that was a sensible precaution."

Curry faced difficulties due to "psychological problems" after losing his WBC title in 1984. McKenzle will now fight another American, Ford Jennings, who lost a split decision to Patrizio Oliva, the WBA world champion. Jennings has won 22 of his 28 bouts, lost four and draws two.

## SNOOKER

## A feather in cap of Parrott

By a Correspondent

John Parrott smoothly moved towards his first quarter-final appearance in more than a year at the £300,000 Tennents UK Open in Preston yesterday.

Parrott's progress has been littered with disappointments since he burst onto the professional scene by reaching the semi-finals of the Lada Classic at Warrington as a teenager in his third tournament.

Since then the Liverpoolian has struggled to fulfill the potential that promised to carry him to the pinnacle of the game in record time. Only now, is Parrott, aged 22, coming to terms with the pressures on the £3 million tournament circuit.

Parrott's impressive performance in the first session of his best of 17-frame third round match against Steve Longworth, of Darwin, gave his supporters further encouragement.

Parrott, who sent Johnson, the world champion, tumbling to a 9-1 defeat in the previous round, again looked in our nous form as he opened a 5-2 first session lead. Parrott began impressively as breaks of 63 and 55 gave him the opening frame, but Longworth took the next 58-49.

Parrott immediately swept to the next with a break of 52 but again Longworth, a former van driver, bravely responded with a 52 break to square. Parrott though, then produced a three frame burst, sandwiching two black ball finishes with a total clearance of 138 in the sixth frame.

Hallett, another young professional on the fringes of the game's elite top 16, looked in fine form as he carved out a 4-3 first session lead over Higgins. The Grimspy professional built breaks of 86, 34, and 50 to lead 2-1, but trailing 44-37 in the next, he saw Higgins foul the final ball.

Nevertheless the Irishman sealed the frame from the re-spotted black, but to Hallett's credit he ploughed on with breaks of 45, 35 and 43 to pocket a two-frame lead before Higgins bounced back to close the gap.

SCOTLAND: Parrott leads 9 Longworth 5-2 (Parrott 108-18; 48-52; 74-2; 28-19; 49-45; 138-3; 64-52; 55-49; 63-40; 58-49; 52-49; 44-51; 57-46; 70-19; 1-101).

## RUGBY UNION

## Richmond will study video of Moriarty

Richmond's stormy match at Swansea on Saturday could lead to another "trial by video". The Richmond prop, Chris Mills, required six stitches in an eye wound after he was allegedly punched by Swansea's Welsh flanker, Paul Moriarty. The hospital gave his sight the all clear.

Mike Humphreys, chairman of Richmond's playing committee, said yesterday: "It was a rough game, and somebody got hurt. Harlequin TV covered the match and I will be surprised if we don't ask to see the video. Until then, we are saying and doing nothing." Later in the game, Swansea's prop, Steve Forster, was sent off for kicking an opponent.

## Schmid out

Harald Schmid, the European 400 metres hurdles champion, has pulled out of a series of coaching clinics in Britain because of commitments at the West German university where he works. The clinics, sponsored by Minolta, in Belfast, Bracknell and Stoke, have been postponed.



These figures are expressed in 1986 values. The grant in 1982-83 included £4.25m for additional capital investment; in 1983-84 £0.6m, 1984-85 £0.7m, and 1985-86 £0.7m for the Association of Children's Play and Recreation (ACPR); and in 1986-87 and 1987-88, £2m for the abolition of the Metropolitan counties and £0.7m for the ACPR in each year.